



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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David A. Vaudt, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

December 23, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Council Bluffs, Iowa.

The City's revenues totaled \$105,795,916 for the year ended June 30, 2011, a 6.9% increase over the prior year. Revenues included \$41,417,412 in property and other city tax, \$6,058,673 from tax increment financing, \$19,865,444 from charges for service, \$12,054,634 from operating grants, contributions and restricted interest, \$11,337,937 from capital grants, contributions and restricted interest, \$8,589,061 from local option sales tax, \$2,269,329 from hotel motel tax, \$3,670,039 from gaming wager tax, \$279,646 from unrestricted investment earnings and \$253,741 from other general revenues.

Expenses for City operations totaled \$90,832,938, a 15.7% increase over the prior year, and included \$28,501,970 for public safety, \$12,492,324 for public works and \$14,435,524 for general government. Expenses for business type activities totaled \$12,977,708.

A copy of the audit report is available for review in the City Finance Director's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1120-0732-B00F.pdf>.

###



**City of Council Bluffs, Iowa**  
**Comprehensive Annual**  
**Financial Report**  
**For the Fiscal Year Ended**  
**June 30, 2011**

Prepared by:  
City of Council Bluffs Finance Department



**City of Council Bluffs**

**City of Council Bluffs**  
**Comprehensive Annual Financial Report**

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**City of Council Bluffs**



# INTRODUCTORY SECTION





OFFICE OF  
FINANCE DEPARTMENT  
BUDGET AND ACCOUNTING DIVISION  
(712) 328-4605

November 30, 2011

To the Citizens of the City of Council Bluffs, Iowa,  
Mayor Thomas Hanafan and Members of the City Council:

Presented here is the inaugural Comprehensive Annual Financial Report (CAFR) of the City of Council Bluffs, Iowa. This report presents financial and operating information based on activity for the year ended June 30, 2011 and is prepared to comply with U.S. generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board. City management and officials are responsible for both the accuracy of the data and the completeness and fairness of the presentation of this report. This includes all disclosures included in the CAFR. We believe, to the best of our knowledge, the data in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City of Council Bluffs. All disclosures needed to enable readers to gain insight and understanding of the City of Council Bluffs' financial activities are included.

Generally accepted accounting principles require City officials to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of "Management's Discussion and Analysis" (MD&A). With this letter of transmittal, we provide information to complement the MD&A portion of the report and it should be read in conjunction with that section. Management's discussion and analysis prepared by City officials appears immediately following the Independent Auditor's Report in the CAFR.

The City is required to undergo an annual single audit in conformity with the provisions of the United States Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations.

#### Profile of the City

The City provides a wide range of community services, including police and fire protection, emergency medical services, park facilities and recreational programs, a full service, modern library, a public health department, planning and zoning functions, street maintenance and traffic management, sanitary and storm sewer utilities, and sanitation and recycling services. When reporting financial condition and results of operations, all funds, agencies, boards, trusts, commissions and authorities involved in providing these services are included if the City is financially accountable. Financial accountability is determined by a number of criteria, including fiscal independence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and whether the entity has separate legal status. Following consideration of these factors, the City has included the Council Bluffs Airport Authority and the Council Bluffs Library Foundation, as well as all funds of the City, in this financial report. The Council Bluffs Airport Authority and the Council Bluffs Library Foundation are reported as discretely presented component units. Additional information on these entities can be found in the Notes to Financial Statements (See Note 1A).

#### Organizational Structure

The City has a "strong Mayor – Council" form of civic government, which has been in effect since 1988. The City Council, consisting of five at large members, is responsible for policy making and possesses legislative authority at the municipal level. Members of the City Council are generally

elected for four year terms. The Mayor is elected to a four year term and is responsible for the overall operation of the City and is the presiding officer at meetings of the City Council. With the exception of the City Attorney and City Clerk (who report to the City Council), all City department heads serve at the pleasure of the Mayor. City Council Members and the Mayor are elected on a nonpartisan basis. A Mayor Pro Tem is selected from among the five City Council Members.

### Community History

The City is the largest city in Southwest Iowa and is situated along Iowa's border with Nebraska – the Missouri River. The City has a rich history dating back to the mid 19<sup>th</sup> century as a railroad community and served as the eastern terminus of the transcontinental railroad. That rich history with railroads continued well into the mid twentieth century and, as recently as the 1950s, the City was the third largest rail center in the United States. Railroads continue to be a key industry, but some economic diversification has taken place. Gaming has become the largest employer in the area, followed by health care, area educational organizations and utilities.

The 2010 population of the City is 62,230 – but the community is part of the Omaha (NE) – Council Bluffs SMSA, which had a 2010 population of 865,350. The City lies on 39.7 square miles consisting of rolling hills, creeks and land bordering the Missouri River.

### Recent Major Event

During the summer of 2011, the City endured historic levels of the Missouri River caused by record releases of water from the reservoir system on the upper Missouri River maintained by the United States Army Corps of Engineers. Water releases from the Gavins' Point Dam exceeded 160,000 cubic feet per second (cfs) from mid June until late August. The previous record release had been 97,000 cfs in 1997. This unprecedented release of waters brought the Missouri River to record flood levels for nearly three consecutive months – with river levels rising to more than seven feet above flood stage and remaining at that level for much of the summer. The City is protected from high river levels by over 28 miles of levees. The City did not experience any major breaches to the levees and was spared from widespread catastrophic damage, but that came with a cost. Over \$12 million was expended by the City for emergency protective measures and debris removal, and even higher amounts are predicted to be spent on permanent repairs once damages have been fully assessed.

The City is working with appropriate state and federal agencies to procure all eligible assistance for the City.

### Economic Condition

Moderate sustained growth coupled with increasing diversification has brought about positive financial performance over the past several years, despite some of the negative economic impacts affecting the entire nation. The addition of two major retail centers, a major addition to an electric utility, a technology processing center, an expanded gaming property and hotel additions over the past several years have sustained growth in property tax values and generated growth (though sometimes moderate) of other revenue sources when other jurisdictions were experiencing revenue declines. The City's proximity to the City of Omaha, NE has assisted its economic stability.

One positive result of the current economic conditions has come from the lowering of interest rates. The City, assisted by its financial advisor, has actively sought to lower its costs of borrowing and has taken the opportunity to call bonds or refund debt when financially feasible.

### Accounting and Budgetary Controls

Management of the City is responsible for the creation of a system of internal controls that provide assurance (1) all material transactions for the City are properly transacted in accordance with management's authorization, (2) all transactions are properly recorded for subsequent reporting in

accordance with generally accepted accounting principles, (3) financial condition and results of operation are reported periodically so management may take timely corrective action when needed, (4) assets of the City are recorded properly and access to assets is allowable only as authorized by management and (5) assets are properly secured, maintained and accounted for as long as they are retained by the City.

Systems of internal control can provide reasonable, but not absolute, assurance internal control objectives are met. The concept of reasonableness provides the cost of controls should not exceed the value of the benefits. We believe the City's systems of internal control provide adequate assurance financial transactions are properly recorded. We have established a budget process in accordance with Iowa statutes and maintain control at functional levels – public safety, public works, public health, culture and recreation, economic development, general government, capital projects, debt service and business type activities. The City generally adheres to budgetary rules. However, in the fiscal year ended June 30, 2011, expenditures exceeded budget due to the unexpected costs of flood protection that began in the last month of the fiscal year.

#### Long Term Financial Planning

While the unassigned General Fund balance is at a satisfactory level (21.4% of General Fund revenue), significant challenges and opportunities are ahead in the upcoming year. The impact of the flood – measured by both the cost of flood fighting activity and the costs of major infrastructure repair – will impact financial activity. In addition, the need to replace or add to City buildings will arise in the near to intermediate future. These conditions are likely to result in a material change to the pattern of City financing activity of the past several years. The pattern had been to issue general obligation bonds in issues ranging from \$6.0 to \$8.0 million annually for a variety of essential and general corporate purposes. This was always done with City Council approval and, by the nature of the capital expenditures and levels of spending, voter approval was not required.

The current financial climate presents a unique opportunity to finance projects at record low interest rates in calendar year 2012. This condition, coupled with the multiple needs described herein, has City staff studying whether to consider a general obligation bond issuance higher than past issuances at an appropriate time in the next 18 months in lieu of annual issuance of smaller amounts in subsequent years.

#### Major Initiatives

Events during the summer of 2011 compel the City to refocus on major priorities in the short term. Missouri River flooding damaged several key infrastructure assets of the City and produced damages that will require up to \$27 million to bring infrastructure back to pre-flood levels. While federal and state agencies are expected to assist with funds to recover, City officials will need to address planned projects and may be required to delay, defer or scrub some previously planned projects. The flooding has also forced City officials to reevaluate the scope of the planned river's edge park along the Missouri River.

During the past year, the City completed major upgrades to the waste water treatment facility costing \$5.2 million. These improvements increase the cost of sanitary sewer service and the City will conduct a rate study to determine the impact these improvements and the cost of ongoing operations will have on rates charged to customers for the service.

City staff and City Council Members will initiate the process of re-establishing major priorities in January 2012. In addition, City staff continues to work with potential developers to attract both new investment and additions to ongoing operations to increase the property tax base.

## Independent Audit

The City engaged the Office of Auditor of State, State of Iowa to perform an examination and express an opinion on its financial statements for the year ended June 30, 2011. The responsibility of the auditor is to express an opinion on the City's financial statements based on their audit. The audit is conducted in accordance with U.S. generally accepted auditing standards, which require the audit be planned and performed in a manner to obtain reasonable assurance the financial statements are free of material misstatement. The Office of Auditor of State has issued an unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2011. The Independent Auditors Report is located at the front of the financial section of this report.

## Acknowledgements

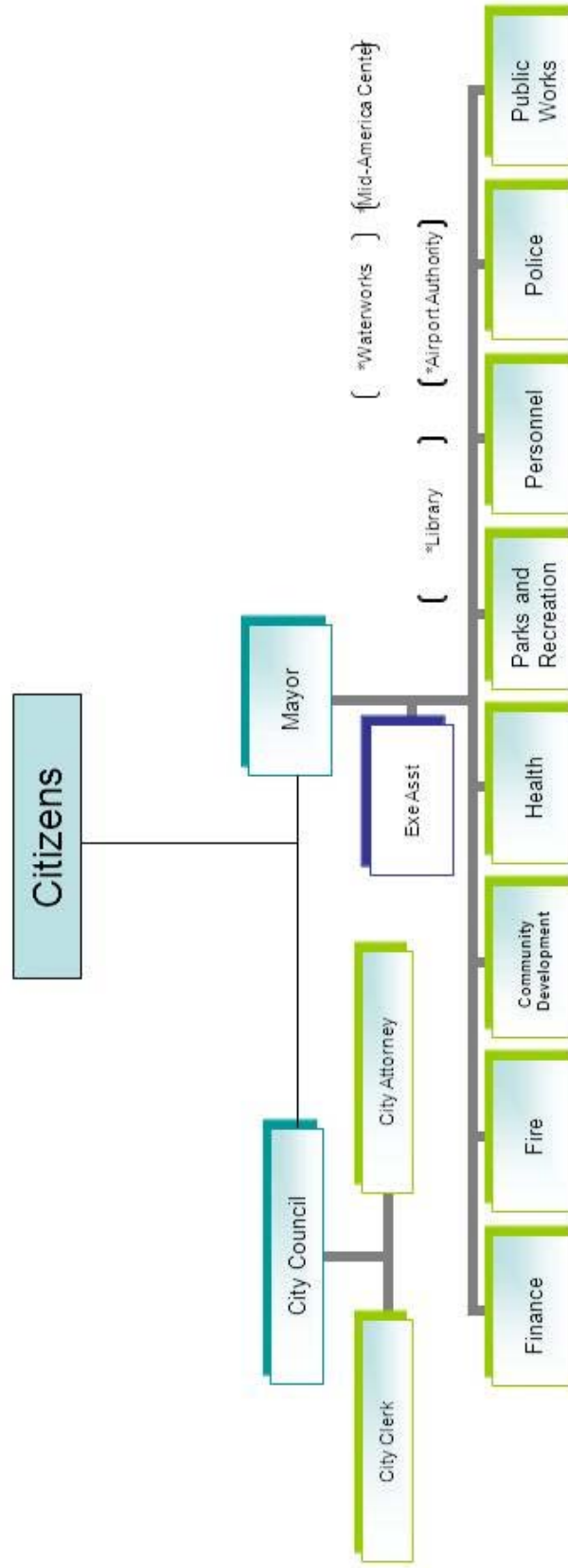
Reporting the financial condition and results of operations of an organization like the City of Council Bluffs requires a consistently high level of teamwork throughout the year. It takes commitment to high standards of performance by all employees, accuracy as to detail and adherence to internal controls. My gratitude is extended to department heads who maintain responsibility and control of departmental operations, the persons who record the transactions accurately and report our operations and to the persons who maintain our assets so our residents can be served in the future. Without their efforts, we would not be in a position to provide this information to our residents, the Mayor and the Council Members who represent them.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Arthur W. Hill", with a stylized flourish at the end.

Arthur W. Hill CPA, CIA  
Finance Director

# City of Council Bluffs Organizational Chart



\* Waterworks, Library, Mid-America Center, and Airport Authority do not report directly to the Mayor but has impact on the city budget.

## City of Council Bluffs

### Principal Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Thomas Hanafan	Mayor	Jan 2014
Scott Belt	Mayor Pro tem	(Resigned)
Matt Walsh (Appointed)	Mayor Pro tem	Jan 2012
Lynne Branigan	Council Member	Jan 2012
Matthew Schultz	Council Member	(Resigned)
Sheryl Garst (Appointed)	Council Member	Jan 2012
Melissa Head	Council Member	Jan 2014
Sharon White (Appointed)	Council Member	Jan 2014
Cindy Lynch	Personnel Director	Indefinite
Arthur W. Hill	Finance Director	Indefinite
Marcy Worden	City Clerk	Indefinite
Debra Miller	Treasurer	Indefinite
Richard Wade	Attorney	Indefinite



# FINANCIAL SECTION



**City of Council Bluffs**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Council Bluffs, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Council Bluffs' management. Our responsibility is to express opinions on these financial statements based on our audit.

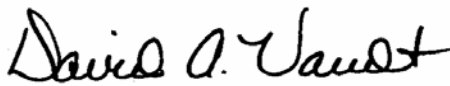
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Council Bluffs at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

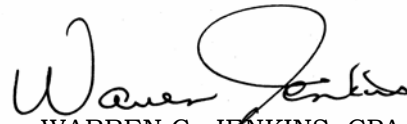
In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2011 on our consideration of the City of Council Bluffs' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, the Schedules of Funding Progress for the Retiree Health and Supplemental Pension Plans and the Schedule of Employer Contributions for the Supplemental Pension Plan on pages 9 through 18 and 72 through 78 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Council Bluffs' basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information, the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Other supplementary information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 30, 2011

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**City of Council Bluffs, Iowa**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2011**

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This discussion and analysis of the City of Council Bluffs financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal and the City's financial statements which follow.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Council Bluffs exceeded liabilities at June 30, 2011 by \$381,254,954.
- The City's net assets increased \$14,962,978 during the year. The net assets associated with governmental activities increased \$8,095,209 and the net assets associated with business type activities increased \$6,867,769.
- The City's overall long-term liabilities increased to \$58,180,825, an increase of \$15,245,432 during the year. The general obligation bond/note portion of indebtedness increased \$440,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

In addition to Management's Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as an agent for the benefit of those outside of City government. An additional part of the basic financial statements are the Notes to Financial Statements. The statements are followed by Required Supplementary Information which further explains and supports the financial statements with a comparison of the City's budget for the year, the Schedules of Funding Progress for the Retiree Health and Supplemental Pension Plans and the Schedules of Employer Contributions to the Retiree Health and Supplemental Pension Plans.

Other Supplementary Information provides detailed information about the nonmajor governmental and fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

**REPORTING THE CITY AS A WHOLE**

**The Statement of Net Assets and the Statement of Activities**

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is, "Is the City of Council Bluffs in a better financial position at the end of this fiscal year compared to last year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method

of accounting used by most private sector companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and the condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into three kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here, such as the police, fire, public works and parks departments and general administration. Property tax, user fees and state and federal grants finance most of these activities.
- Business Type Activities – The City charges fees to customers to cover the cost of these services. Included here are the City's sewer, solid waste and recycling activities.
- Component Units – These are operations which are legally separate from the City but for which the City is financially accountable. The City's discretely presented component units are the Council Bluffs Airport Authority and the Library Foundation.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show it is properly using certain revenues (such as local option sales tax revenues). The City has the following types of funds:

- Governmental Funds – Most of the City's basic services are included in governmental funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. A description is provided detailing the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following each governmental fund financial statement.
- Proprietary Funds – When the City charges customers for the service it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide financial statements is the detail and additional information, such as cash flows, provided in the proprietary fund financial statements.
- Fiduciary Funds – These funds are used to show assets held by the City as trustee or agent for others. Similar to proprietary funds, these funds use the accrual basis of accounting. Because the City cannot use these assets to finance its operations, fiduciary funds are not included in the government-wide financial statements discussed above.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, street and sewer networks, buildings, improvements and equipment), less any related debt used to acquire those assets which is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The analysis that follows shows the City's total net assets at June 30, 2011 and 2010.

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 90,861,336	\$ 87,569,407	3,621,240	6,930,731	94,482,576	94,500,138
Capital assets	274,777,195	265,298,323	129,335,537	118,839,728	404,112,732	384,138,051
Total assets	365,638,531	352,867,730	132,956,777	125,770,459	498,595,308	478,638,189
Long-term liabilities	56,858,587	42,601,320	1,322,238	334,073	58,180,825	42,935,393
Other liabilities	58,409,423	67,991,098	750,106	1,419,722	59,159,529	69,410,820
Total liabilities	115,268,010	110,592,418	2,072,344	1,753,795	117,340,354	112,346,213
Net assets:						
Invested in capital assets, net of related debt	231,096,351	219,535,725	128,435,537	118,755,228	359,531,888	338,290,953
Restricted	30,061,361	23,003,392	-	-	30,061,361	23,003,392
Unrestricted	(10,787,191)	(263,805)	2,448,896	5,261,436	(8,338,295)	4,997,631
Total net assets	\$ 250,370,521	\$ 242,275,312	130,884,433	124,016,664	381,254,954	366,291,976

Net assets of governmental activities increased over fiscal year 2010 approximately \$8.1 million, or 3.3%. Net assets of business type activities increased over fiscal year 2010 approximately \$6.9 million, or 5.5%. Capital assets of governmental activities increased approximately \$9.5 million, or 3.6%, over fiscal year 2010, primarily due to the completion of infrastructure projects, including construction and improvements to City streets and parks. The City also acquired equipment and vehicles for the public safety function. Capital assets of business type activities increased approximately \$10.5 million, or 8.8%, over fiscal year 2010, primarily due to an increase in sewer and storm sewer infrastructure and a sewer treatment plant rehabilitation project. Long term liabilities of governmental activities increased \$14,257,267, or 33.5%, over fiscal year 2010, primarily due to the issuance of a \$14.5 million term loan note to replace/renew a \$14.6 million urban renewal capital loan note reported in the prior year as a current liability (as it matured in its entirety in fiscal year 2011). The majority of the new note is classified as long term liabilities in the current year.

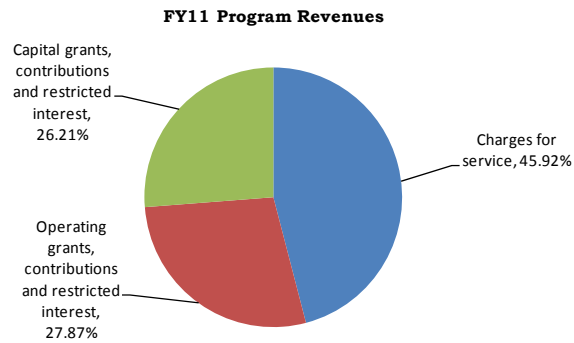
The largest portion of the City's net assets is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets increased approximately \$7.1 million, or 30.7%, over fiscal year 2010. This increase is primarily due to an increase in amounts held and restricted for street and sewer maintenance, debt service and employee benefits and insurance.



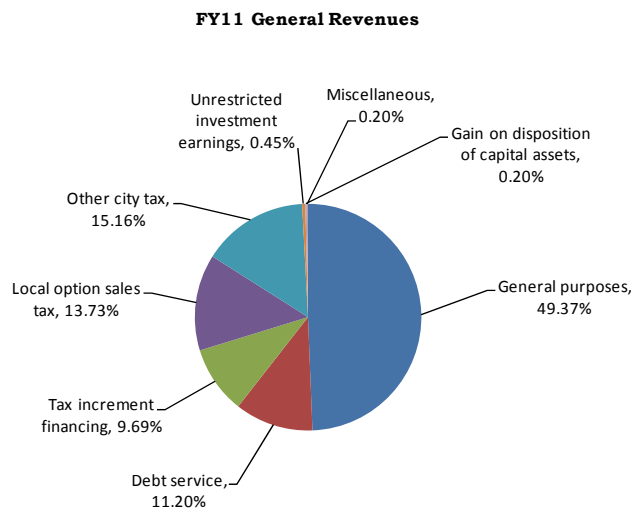
Total unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is at a deficit of approximately \$8.3 million. This is a decrease of approximately \$13.3 million from the prior year unrestricted net assets, which were approximately \$5.0 million one year ago. This decrease is primarily due to an increase of \$3 million in general obligation debt payable from governmental activities for assets capitalized in business type activities and because transfers of funds expendable for street and sewer maintenance and improvements to capital project funds for street and sewer portions of projects had not been made prior to June 30, 2011. The transfers will lower amounts expendable for street and sewer projects and lower the unrestricted deficit balance.

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for service	\$ 9,363,586	10,920,818	10,501,858	10,148,260	19,865,444	21,069,078
Operating grants, contributions and restricted interest	12,021,377	10,296,448	33,257	247,134	12,054,634	10,543,582
Capital grants, contributions and restricted interest	10,968,177	10,812,521	369,760	-	11,337,937	10,812,521
General revenues:						
Property tax levied for:						
General purposes	30,867,270	29,870,765	-	-	30,867,270	29,870,765
Debt service	7,006,599	7,210,156	-	-	7,006,599	7,210,156
Tax increment financing	6,058,673	3,223,820	-	-	6,058,673	3,223,820
Local option sales tax	8,589,061	7,024,557	-	-	8,589,061	7,024,557
Other city tax	9,482,911	8,722,784	-	-	9,482,911	8,722,784
Unrestricted investment earnings	279,466	341,243	180	1,423	279,646	342,666
Gain on disposition of capital assets	-	-	127,138	-	127,138	-
Miscellaneous	116,206	91,724	10,397	85,790	126,603	177,514
Total revenues	94,753,326	88,514,836	11,042,590	10,482,607	105,795,916	98,997,443
Program expenses:						
Public safety	28,501,970	26,540,090	-	-	28,501,970	26,540,090
Public works	12,492,324	11,298,900	-	-	12,492,324	11,298,900
Health and social services	573,385	550,421	-	-	573,385	550,421
Culture and recreation	11,915,556	8,348,868	-	-	11,915,556	8,348,868
Community and economic development	7,816,996	6,801,616	-	-	7,816,996	6,801,616
General government	14,435,524	10,959,589	-	-	14,435,524	10,959,589
Interest on long-term debt	2,119,475	2,158,068	-	-	2,119,475	2,158,068
Sewer	-	-	8,325,469	7,231,802	8,325,469	7,231,802
Refuse and disposal	-	-	4,652,239	4,518,258	4,652,239	4,518,258
Other	-	-	-	67,195	-	67,195
Total expenses	77,855,230	66,657,552	12,977,708	11,817,255	90,832,938	78,474,807
Excess (deficiency) of revenues over (under) expenses	16,898,096	21,857,284	(1,935,118)	(1,334,648)	14,962,978	20,522,636
Operating transfers, net	(8,802,887)	(11,320,521)	8,802,887	11,320,521	-	-
Change in net assets	8,095,209	10,536,763	6,867,769	9,985,873	14,962,978	20,522,636
Net assets, beginning of year	242,275,312	231,738,549	124,016,664	114,030,791	366,291,976	345,769,340
Net assets end of year	\$ 250,370,521	242,275,312	130,884,433	124,016,664	381,254,954	366,291,976

Total revenues reported for the primary government for the year ended June 30, 2011 were \$105,795,916. Program revenues totaled \$43,258,015 for the year ended June 30, 2011. Governmental activities provided \$32,353,140 and business type activities provided \$10,904,875 of program revenues. Revenue from charges for service during fiscal year 2011 was \$19,865,444, accounting for 45.9% of total program revenues. The following charts break down program revenues by source:

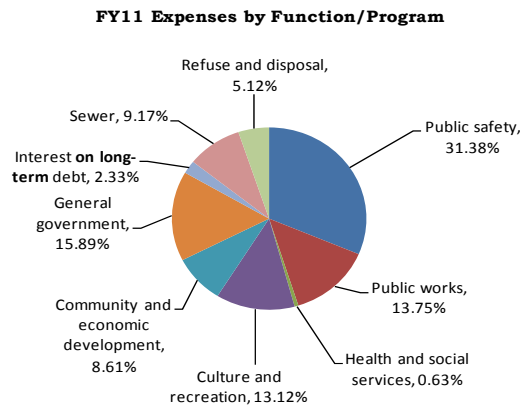


General revenues for the year ended June 30, 2011 totaled \$62,537,901. Governmental activities provided \$62,400,186 and business type activities provided \$137,715 of general revenues. Property tax revenue for fiscal year 2011 totaled \$37,873,869, accounting for 60.6% of general revenues. The following chart illustrates general revenues by source:



Overall revenues increased approximately \$6.8 million, or 6.9%, over fiscal year 2010. The change is primarily the result of an 87.9% increase in tax increment financing revenue and a 22.3% increase in local option sales tax revenue. Property tax revenue increased approximately \$793,000, or 2.1%.

Expenses for the primary government for the year ended June 30, 2011 totaled \$90,832,938. Expenses for governmental activities totaled \$77,855,230, accounting for 85.7% of total expenses. Business type activities expenses totaled \$12,977,708, or 14.3% of the total. The following chart breaks down expenses by function/program:



The following table shows the activities included within each function/program:

<u>Function/Program</u>	<u>Activity</u>
Public safety	Individual and community protection, physical health
Public works	Public service, utilities, transportation
Health and social services	Health regulation and inspection
Culture and recreation	Education and recreation
Community and economic development	Environmental preservation, housing and community development
General government	Policy and administration, including in-house services provided to City departments

Expenses increased approximately \$12.4 million overall, or 15.7%, over fiscal year 2010. The City budgets and records expenses based on cost centers. The increase in expenses is primarily due to increased costs in public safety, public works, culture and recreation and general government expenses during fiscal year 2011.

### **Governmental Activities**

To aid in understanding the Statement of Activities, some additional explanation is given. Of particular interest is the format which is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balances. Please note the expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense) revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for public safety, the City spent \$28,501,970 and received \$8,397,559 in revenue, leaving a cost to taxpayers of \$20,104,411, a decrease of 3.8% from fiscal year 2010, to be funded by various methods. This format identifies how much each function draws from general revenues or is self-sustaining through fees or grants.

Some of the individual line item revenues reported for each function are:

<u>Function/Program</u>	<u>Revenues</u>
Public safety	Fines, COPS grants and block grants
Community and economic development	HUD grants, building permits and licenses
General government	Internal charges for service

The total cost of governmental activities this year was \$77,855,230. Of these costs, \$9,363,586 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations which subsidized certain programs with operating and capital grants and contributions were \$24,067,369, leaving a net expense of \$44,424,275 for governmental activities. These expenses were financed by tax revenue, interest and other general revenues. The Statement of Activities provides further detail. The net (expense) revenue for governmental activities is as follows:

	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	2011	2010
<b>Governmental activities</b>		
Function/Program:		
Public safety	\$ (20,104,411)	\$ (20,906,195)
Public works	(183,015)	1,225,331
Health and social services	(396,721)	(340,787)
Culture and recreation	(9,496,144)	(5,704,118)
Community and economic development	(1,848,502)	173,323
General government	(11,353,822)	(7,025,683)
Interest on long-term debt	(2,119,475)	(2,049,636)
Net (expense) revenue of governmental activities	(45,502,090)	(34,627,765)
General revenues and transfers	53,597,299	45,164,528
Change in net assets	<u>\$ 8,095,209</u>	<u>\$ 10,536,763</u>

Resources available during the year to finance governmental activities totaled \$328,225,751, consisting of net assets at July 1, 2010 of \$242,275,312, program revenues of \$32,353,140 and general revenues and transfers of \$53,597,299. During the year, governmental activities expenses totaled \$77,855,230. Governmental activities net assets increased \$8,095,209 to \$250,370,251.

### **Business Type Activities**

The cost of all business type activities for the year was \$12,977,708 as shown in the Statement of Activities. The amount charged to users of the systems was \$10,501,858 and \$403,017 was funded from grants and contributions. Net expense for business type activities was \$2,072,833. The net (expense) revenue by business type activity for the years ended June 30, 2011 and 2010 is as follows:

	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	2011	2010
<b>Business Type Activities</b>		
Sewer	\$ (2,665,161)	(1,558,601)
Refuse and disposal	592,328	162,456
Other nonmajor	-	(25,716)
Total net (expense) revenue	(2,072,833)	(1,421,861)
General revenues and transfers	8,940,602	11,407,734
Change in net assets	<u>\$ 6,867,769</u>	<u>9,985,873</u>

Resources available during the year to finance business type activities totaled \$143,862,141, consisting of net assets at July 1, 2010 of \$124,016,664, program revenues of \$10,904,875 and general revenues and transfers of \$8,940,602. During the year, business type activities expenses totaled \$12,977,708 and business type activities net assets increased \$6,867,769 to \$130,884,433.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

### **GOVERNMENTAL FUND HIGHLIGHTS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balances may serve as a useful measure of net resources available for spending at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$37,119,637. The combined governmental fund balances increased \$1,823,002 from the prior year. The primary reason for this increase is a change in when general obligation bonds are issued. In past years, bonds had been issued in amounts ranging from \$6.5 to \$7.6 million late in the fiscal year before June 30. In 2011, general obligation bonds totaling \$7.3 million were not issued until August 2010. This event, coupled with the pace of capital construction, are the two primary reasons for the difference in fiscal year end balances at June 30, 2011 and 2010.

The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund balance decreased \$153,644, or 0.73%, from the prior year. Revenues increased \$13,884,256, or 37.6%. Expenditures increased \$8,943,483, or 21.8%, over the prior year.

The increase is primarily due to the reclassification of several funds previously reported in the Special Revenue Fund Type to the General Fund. This reclassification resulted from implementation of Governmental Accounting Standards Board Statement No. 54 during fiscal year 2011. See Note 22 for additional details. In addition, expenditures in the General Fund, general government function increased approximately \$4.5 million, primarily due to costs associated with the June 2011 flood.

- The Special Revenue, Bass Pro Shop Fund balance increased \$125,684, or 71.4% over the prior year. Revenues increased \$139,572, or 11.8%, while expenditures increased \$219,412, or 11.3%. The increase in revenues was primarily due to receipt of a \$500,000 grant from the Iowa West Foundation, an increase of \$125,000 over the prior year contribution.
- The Special Revenue, Tax Increment Financing Fund balance increased \$468,447. This fund realized a \$2.8 million, or 88%, increase in tax increment financing revenues to cover debt related to urban renewal projects and economic development.
- The Special Revenue, City Local Option Sales Tax Fund balance increased \$2,585,922, or 29.0%, over the prior year. The increase is primarily due to a \$1.56 million increase in local option sales tax revenue offset by a \$3.1 million decrease in expenditures from this fund. The fund balance increase is also the result of not having made internal transfers to the Capital Projects Fund for projects completed by June 30, 2011.
- The Debt Service Fund balance increased \$1,230,891 over the prior year. The increase is due to a \$288,564 increase in revenues over the prior year, offset by a \$3.1 million decrease in expenditures during fiscal year 2011.
- The Capital Projects Fund balance decreased \$4,528,668 from the prior year as the City continued to build and repair infrastructure. The fund will be replenished with the issuance of general obligation bonds and planned transfers from other funds (including the General and Special Revenue, Local Option Sales Tax Funds) for completed projects.

## **PROPRIETARY FUND HIGHLIGHTS**

- The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal year 2011 with a \$125,571,720 net asset balance compared to the prior year ending net asset balance of \$119,464,408, an increase of \$6,107,312, or 5.1%.
- The Refuse and Disposal Fund ended fiscal year 2011 with a \$5,312,713 net asset balance compared to the prior year ending net asset balance of \$4,552,256, an increase of \$760,457, or 16.7%.

## **BUDGETARY HIGHLIGHTS**

The City did not amend its budget during the fiscal year ended June 30, 2011. In May 2011, City officials reviewed year to date operations and projected activity to the end of the year and believed operating expenses in all major functions would be within previously authorized budget amounts. City officials did note capital expenditures exceeded budgeted amounts and a corresponding increase in revenues from grants and intergovernmental funds for major capital projects. In June 2011, the City was forced to contend with Missouri River flooding. The only fiscal certainties in June were (1) an unknown amount of expenditures would be needed to battle the flood and (2) actual expenditures would ultimately exceed budgeted amounts for several functional areas. Because the City could not form a reasonable estimate of expenditures for a budget amendment in June 2011, no amendment was made. However, the City Council and residents were advised expenses would indeed exceed budgeted amounts for the fiscal year ended June 30, 2011.

In the fiscal year ended June 30, 2011, actual revenue of \$106,949,696 exceeded budgeted revenue of \$90,869,186 by \$16,080,510. Past budget practices of the City related to major capital and operating grants, particularly those related to capital projects, had been to not include budgeted amounts for material governmental and non-governmental grants due to the unpredictability of timing the receipts, especially those reimbursing the City for capital expenditures. The City would adjust its budget in the fourth quarter to more accurately reflect those intergovernmental and grant revenues. In the fiscal year ended June 30, 2011, the City did not amend its budget due to the uncertain level of expected expenses arising from the flood of 2011. Prior to that event, when budgeting the fiscal year ended June 30, 2012, the City had amended its practice and budgeted amounts for intergovernmental and non-governmental grant revenue in its original budget.

Overall, total disbursements were \$17,851,102 greater than budgeted amounts. Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted in the culture and recreation, general government, capital projects and business type activities functions. This is primarily due to the impact of the flooding of the Missouri River during June 2011. Millions of dollars were spent to prevent flooding in the City. A decision was made to not amend the budget at that time due to the uncertainties of what the actual costs would be.

The City is currently in the process of developing an operating budget for the fiscal year ending 2013, which will plan to have revenues exceed expenditures for all funds, including the General Fund.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure, represents the value of the resources utilized to provide services to our citizens. Capital assets at June 30, 2011 were \$404,112,732 (net of accumulated depreciation). See Note 3 to the financial statements for more information about the City's capital assets.

The flood experience in the summer of 2011 curtailed many projects, but the following major projects were in progress at June 30, 2011: public works operations building, riverfront park (work suspended due to flood), improvements to waste water treatment facility, improvements to Madison Avenue, sewer repair projects and the playland park re-development area.

The majority of the equipment acquired pertained to vehicles and equipment for the public safety function, which includes the Police and Fire Departments.

For business type activities, sewer projects completed include the sewer treatment plant rehabilitation project.

### **Long-term Debt**

At June 30, 2011, the City had \$46.485 million in general obligation bonds and notes outstanding versus \$46.045 million last year. The City's general obligation bonds carry an AA2 rating assigned by Moody's Investor Services. Assignment of this rating reflects the City's continued moderate tax base growth, sound financial operations and rapid debt retirement. The City continues to operate well under the State debt capacity limitation. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Bond proceeds will fund equipment and various capital improvements in the City.

More detailed information on debt administration is provided in Note 4 to the financial statements.

### **ECONOMIC FACTORS**

For much of the fiscal year ended June 30, 2011 the operations of the City reflected an ongoing steady growth in economic activity. Property valuations had continued to grow, other City revenues grew or remained steady and unemployment rates for the area remained well below the national average. Retail activity, measured by local option sales tax, has remained steady over the past four fiscal years (approximately \$7.7 million annually) despite the economic downturns in 2008 and 2009.

Services provided by the City have grown in all functional areas almost equally to meet civic needs (see page 14) and proportional expenditures approximate those of fiscal year 2010. Similarly, program revenues and general revenues (shown on page 13) are consistently proportional to fiscal year 2010 and indicate the City's operating plan that called for steady economic growth coupled with stepped up service levels throughout all functions was indeed accomplished. For a summary of some of the services provided by the City during the past fiscal year, please refer to Schedule 19 of this report.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Arthur W. Hill, CPA, City Finance Director at 712-328-4685.

## **Basic Financial Statements**



**City of Council Bluffs**

City of Council Bluffs

Statement of Net Assets

June 30, 2011

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 29,655,935	1,514,263	31,170,198
Receivables:			
Property tax:			
Delinquent	839,237	-	839,237
Succeeding year	38,442,000	-	38,442,000
Tax increment financing:			
Delinquent	32,135	-	32,135
Succeeding year	4,613,000	-	4,613,000
Accounts (net of \$578,641 allowance for uncollectible accounts in the General Fund)	1,708,725	1,421,561	3,130,286
Special and drainage assessments	349,901	-	349,901
Customer accounts and unbilled usage	-	780,167	780,167
Loans	772,619	-	772,619
Internal balances	1,727,493	(1,727,493)	-
Due from other governments	7,069,655	433,910	7,503,565
Sewer revenue capital loan note proceeds receivable	-	900,000	900,000
Inventories	1,323,932	298,832	1,622,764
Prepaid insurance	288,436	-	288,436
Total current assets	86,823,068	3,621,240	90,444,308
Noncurrent assets:			
Note receivable	750,000	-	750,000
Land held for resale	3,288,268	-	3,288,268
Capital assets - nondepreciable	58,789,413	22,242,744	81,032,157
Capital assets - depreciable (net)	215,987,782	107,092,793	323,080,575
Bond issuance costs	-	-	-
Total noncurrent assets	278,815,463	129,335,537	408,151,000
<b>Total assets</b>	365,638,531	132,956,777	498,595,308
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	5,150,571	417,578	5,568,149
Salaries and benefits payable	709,559	47,736	757,295
Accrued interest payable	141,198	-	141,198
Due to other governments	118,858	-	118,858
Deferred and unearned revenue:			
Succeeding year property tax	38,442,000	-	38,442,000
Succeeding year tax increment financing	4,613,000	-	4,613,000
Unearned revenue	159,967	55,646	215,613
Current portion due within one year:			
General obligation bonds/notes	6,175,000	-	6,175,000
Revenue bonds/notes	-	-	-
Urban renewal term loan note	966,667	-	966,667
Capital lease purchase agreements	58,920	-	58,920
Loan	15,000	26,000	41,000
Compensated absences	1,858,683	203,146	2,061,829
Total current liabilities	58,409,423	750,106	59,159,529
Noncurrent liabilities:			
General obligation bonds/notes	40,310,000	-	40,310,000
Sewer revenue capital loan notes	-	900,000	900,000
Urban renewal term loan note	13,291,667	-	13,291,667
Capital lease purchase agreements	1,385	-	1,385
Loan	690,000	26,000	716,000
Compensated absences	879,512	154,261	1,033,773
Net OPEB liability	1,172,490	167,510	1,340,000
Net pension liability	513,533	74,467	588,000
Total noncurrent liabilities	56,858,587	1,322,238	58,180,825
<b>Total liabilities</b>	115,268,010	2,072,344	117,340,354

Component Units	
Airport Authority	Library Foundation
154,767	4,631,954
24,212	-
-	-
-	-
-	-
2,070	-
-	-
-	-
-	-
-	-
1,037,812	-
-	-
4,761	-
<u>1,223,622</u>	<u>4,631,954</u>
-	-
-	-
3,129,684	-
21,857,356	-
29,914	-
<u>25,016,954</u>	<u>-</u>
<u>26,240,576</u>	<u>4,631,954</u>
214,058	-
8,417	-
10,592	-
-	-
-	-
-	-
1,170	-
-	-
150,000	-
-	-
-	-
100,000	-
-	-
<u>484,237</u>	<u>-</u>
-	-
2,605,000	-
-	-
-	-
-	-
-	-
-	-
<u>2,605,000</u>	<u>-</u>
<u>3,089,237</u>	<u>-</u>

City of Council Bluffs  
Statement of Net Assets  
(continued)

June 30, 2011

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>Net Assets</b>			
Invested in capital assets, net of related debt	231,096,351	128,435,537	359,531,888
Restricted for:			
Nonexpendable:			
Permanent fund	59,920	-	59,920
Expendable:			
Debt service	842,419		842,419
Bass Pro Shop	301,621		301,621
Street and sewer maintenance and improvements	18,018,385	-	18,018,385
Community development block grant programs	1,605,154		1,605,154
Insurance	3,241,560		3,241,560
Employee benefits	4,028,989		4,028,989
Library	-	-	-
Capital projects	398,358		398,358
Other purposes	1,564,955	-	1,564,955
Unrestricted	(10,787,191)	2,448,896	(8,338,295)
<b>Total net assets</b>	<b>\$ 250,370,521</b>	<b>130,884,433</b>	<b>381,254,954</b>

See notes to financial statements.

Component Units	
Airport Authority	Library Foundation
22,232,040	-
-	-
-	-
-	-
-	-
-	-
-	-
-	4,631,954
-	-
-	-
919,299	-
<u>23,151,339</u>	<u>- 4,631,954</u>

City of Council Bluffs

Statement of Activities

Year ended June 30, 2011

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental activities:				
Public safety	\$ 28,501,970	3,783,890	286,070	4,327,599
Public works	12,492,324	432,461	8,434,480	3,442,368
Health and social services	573,385	75,729	100,935	-
Culture and recreation	11,915,556	1,366,821	229,972	822,619
Community and economic development	7,816,996	816,575	2,776,328	2,375,591
General government	14,435,524	2,888,110	193,592	-
Interest on long-term debt	2,119,475	-	-	-
Total governmental activities	77,855,230	9,363,586	12,021,377	10,968,177
Business type activities:				
Sewer	8,325,469	5,290,548	-	369,760
Refuse and disposal	4,652,239	5,211,310	33,257	-
Total business type activities	12,977,708	10,501,858	33,257	369,760
Total primary government	\$ 90,832,938	19,865,444	12,054,634	11,337,937
<b>Component Units:</b>				
Airport Authority	\$ 1,382,754	145,316	-	2,147,467
Library Foundation	78,634	-	32,164	-
Total component units	\$ 1,461,388	145,316	32,164	2,147,467
<b>General Revenues and Transfers:</b>				
Property tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel motel tax				
Gaming wager tax				
Other city tax				
Unrestricted investment earnings				
Gain on disposition of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business Type Activities	Total	Airport Authority	Library Foundation	
(20,104,411)	-	(20,104,411)	-	-	
(183,015)	-	(183,015)	-	-	
(396,721)	-	(396,721)	-	-	
(9,496,144)	-	(9,496,144)	-	-	
(1,848,502)	-	(1,848,502)	-	-	
(11,353,822)	-	(11,353,822)	-	-	
(2,119,475)	-	(2,119,475)	-	-	
(45,502,090)	-	(45,502,090)	-	-	
-	(2,665,161)	(2,665,161)	-	-	
-	592,328	592,328	-	-	
-	(2,072,833)	(2,072,833)	-	-	
(45,502,090)	(2,072,833)	(47,574,923)	-	-	
-	-	-	910,029	-	
-	-	-	-	(46,470)	
-	-	-	910,029	(46,470)	
30,867,270	-	30,867,270	575,527	-	
7,006,599	-	7,006,599	-	-	
6,058,673	-	6,058,673	-	-	
8,589,061	-	8,589,061	-	-	
2,269,329	-	2,269,329	-	-	
3,670,039	-	3,670,039	-	-	
3,543,543	-	3,543,543	-	-	
279,466	180	279,646	13,866	724,234	
-	127,138	127,138	-	-	
116,206	10,397	126,603	18,785	-	
(8,802,887)	8,802,887	-	-	-	
53,597,299	8,940,602	62,537,901	608,178	724,234	
8,095,209	6,867,769	14,962,978	1,518,207	677,764	
242,275,312	124,016,664	366,291,976	21,633,132	3,954,190	
\$ 250,370,521	130,884,433	381,254,954	23,151,339	4,631,954	

**City of Council Bluffs**



## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### Major Funds

**General Fund** – This is the City’s operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

**Special Revenue, Bass Pro Shop Fund** – The Special Revenue, Bass Pro Shop Fund receives money from rent, City and County contributions and contributions from the Iowa West Foundation to pay for operating expenditures and repayment of debt.

**Special Revenue, Tax Increment Financing Fund** – The Special Revenue, Tax Increment Financing Fund receives revenues from a tax authorized by ordinance in the urban renewal district for repayment of debt.

**Special Revenue, City Local Option Sales Tax Fund** – The Special Revenue, City Local Option Sales Tax Fund receives revenues from a tax authorized by referendum to cover the costs of maintenance and improvements to the City’s sewer and street system.

**Debt Service Fund** – The Debt Service Fund receives revenues from property tax and other sources for repayment of general obligation debt.

**Capital Projects Fund** – The Capital Projects Fund accounts for all the resources used in the acquisition and construction of capital facilities and other capital assets.

City of Council Bluffs

Balance Sheet  
Governmental Funds

June 30, 2011

	General	Special Revenue			Debt Service
		Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax	
<b>Assets</b>					
Cash and pooled investments	\$ 12,434,996	252,368	333,248	9,255,888	833,386
Receivables:					
Property tax:					
Delinquent	689,006	-	-	-	150,231
Succeeding year	31,821,000	-	-	-	6,621,000
Tax increment financing:					
Delinquent	-	-	32,135	-	-
Succeeding year	-	-	4,613,000	-	-
Accounts (net)	1,390,960	49,253	-	-	-
Special and drainage assessments	172,191	-	-	-	-
Loans	-	-	-	-	-
Note	750,000	-	-	-	-
Advance to other funds	1,581,063	-	-	-	-
Due from other funds	6,220,029	-	-	1,575,236	-
Due from other governments	3,325,981	-	-	1,776,084	-
Inventories	194,624	-	-	-	-
Prepaid insurance	288,436	-	-	-	-
Land held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 58,868,286</b>	<b>301,621</b>	<b>4,978,383</b>	<b>12,607,208</b>	<b>7,604,617</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 2,245,769	-	-	586,937	-
Salaries and benefits payable	680,789	-	-	-	-
Advance from other funds	-	-	1,581,063	-	-
Due to other funds	-	-	-	18,361	-
Due to other governments	118,849	-	-	-	-
Deferred revenue:					
Succeeding year property tax	31,821,000	-	-	-	6,621,000
Succeeding year tax increment financing	-	-	4,613,000	-	-
Other	3,202,466	-	-	507,369	24,051
Total liabilities	<b>38,068,873</b>	<b>-</b>	<b>6,194,063</b>	<b>1,112,667</b>	<b>6,645,051</b>
Fund balances:					
Nonspendable:					
Cemetery perpetual care	-	-	-	-	-
Inventories	194,624	-	-	-	-
Prepaid insurance	288,436	-	-	-	-
Note receivable	750,000	-	-	-	-
Advance to other funds	1,581,063	-	-	-	-
Restricted for:					
Street and sewer maintenance and improvements	-	-	-	11,494,541	-
Debt service	-	-	-	-	959,566
Community development block grant programs	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	7,125,557	301,621	-	-	-
Unassigned	10,859,733	-	(1,215,680)	-	-
Total fund balances	<b>20,799,413</b>	<b>301,621</b>	<b>(1,215,680)</b>	<b>11,494,541</b>	<b>959,566</b>
<b>Total liabilities and fund balances</b>	<b>\$ 58,868,286</b>	<b>301,621</b>	<b>4,978,383</b>	<b>12,607,208</b>	<b>7,604,617</b>

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	6,546,049	29,655,935
-	-	839,237
-	-	38,442,000
-	-	32,135
-	-	4,613,000
125,202	143,310	1,708,725
-	177,710	349,901
-	772,619	772,619
-	-	750,000
-	-	1,581,063
18,361	-	7,813,626
1,073,201	894,389	7,069,655
-	1,129,308	1,323,932
-	-	288,436
3,288,268	-	3,288,268
4,505,032	9,663,385	98,528,532
2,122,514	195,351	5,150,571
-	28,770	709,559
-	-	1,581,063
6,067,772	-	6,086,133
-	9	118,858
-	-	38,442,000
-	-	4,613,000
398,359	575,466	4,707,711
8,588,645	799,596	61,408,895
-	59,920	59,920
-	1,129,308	1,323,932
-	-	288,436
-	-	750,000
-	-	1,581,063
-	5,190,168	16,684,709
-	-	959,566
-	1,506,288	1,506,288
2,976,143	-	2,976,143
-	978,105	8,405,283
(7,059,756)	-	2,584,297
(4,083,613)	8,863,789	37,119,637
4,505,032	9,663,385	98,528,532

City of Council Bluffs  
Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2011

**Total governmental fund balances (page 29)** \$ 37,119,637

***Amounts reported for governmental activities in the Statement of Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of capital assets is \$376,483,299 and the accumulated depreciation is \$101,706,104. 274,777,195

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 4,547,744

Long-term liabilities, including bonds and notes payable, capital lease purchase agreements payable, loan payable, net OPEB liability, net pension liability, accrued interest payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds/notes	\$ 46,485,000	
Urban renewal term loan note	14,258,334	
Capital lease purchase agreements	60,305	
HUD loan	705,000	
Compensated absences	2,738,195	
Net OPEB liability	1,172,490	
Net pension liability	513,533	
Accrued interest payable	141,198	(66,074,055)
	<u>141,198</u>	<u>(66,074,055)</u>

**Net assets of governmental activities (page 22)** \$ 250,370,521

See notes to financial statements.

**City of Council Bluffs**

City of Council Bluffs  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2011

	Special Revenue				
	General	Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax	Debt Service
Revenues:					
Property tax	\$ 30,859,597	-	-	-	7,007,796
Tax increment financing	-	-	6,059,684	-	-
Other city tax	8,747,746	-	23,895	8,589,061	576,801
Licenses and permits	3,256,449	-	-	-	-
Use of money and property	286,006	631,925	-	-	-
Intergovernmental	1,758,910	192,560	-	1,220,745	110,528
Charges for service	3,544,045	-	-	-	-
Special and drainage assessments	-	-	-	-	-
Miscellaneous	2,327,334	500,000	-	265,368	-
Total revenues	50,780,087	1,324,485	6,083,579	10,075,174	7,695,125
Expenditures:					
Operating:					
Public safety	26,999,562	-	-	-	-
Public works	2,218,077	-	-	-	-
Health and social services	544,420	-	-	-	-
Culture and recreation	6,091,055	-	-	-	-
Community and economic development	941,435	1,417,089	2,090,671	-	-
General government	13,207,538	-	-	-	-
Debt service:					
Principal redeemed	-	494,755	-	-	6,860,000
Interest paid	-	236,205	-	-	1,841,571
Miscellaneous debt expense	-	-	-	-	39,243
Capital projects	-	-	-	7,226,697	-
Total expenditures	50,002,087	2,148,049	2,090,671	7,226,697	8,740,814
Excess (deficiency) of revenues over (under) expenditures	778,000	(823,564)	3,992,908	2,848,477	(1,045,689)
Other financing sources (uses):					
Urban renewal term note issued	-	14,500,000	-	-	-
General obligation bonds issued	-	-	-	-	-
Discount on general obligation bonds issued	-	-	-	-	-
Urban renewal revenue capital loan note redeemed	-	(14,326,210)	-	-	-
Operating transfers in	959,738	787,458	-	1,574,963	2,276,580
Operating transfers out	(1,891,382)	(12,000)	(3,524,461)	(1,837,518)	-
Total other financing sources (uses)	(931,644)	949,248	(3,524,461)	(262,555)	2,276,580
Net change in fund balances	(153,644)	125,684	468,447	2,585,922	1,230,891
Fund balances beginning of year, as restated	20,953,057	175,937	(1,684,127)	8,908,619	(271,325)
Fund balances end of year	\$ 20,799,413	301,621	(1,215,680)	11,494,541	959,566

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	-	37,867,393
-	-	6,059,684
-	-	17,937,503
-	33,427	3,289,876
-	4,571	922,502
9,789,469	7,345,049	20,417,261
-	17,954	3,561,999
-	161,225	161,225
2,485,189	481,532	6,059,423
12,274,658	8,043,758	96,276,866
-	54,546	27,054,108
-	4,898,730	7,116,807
-	-	544,420
-	97,522	6,188,577
-	1,076,266	5,525,461
-	654,786	13,862,324
-	-	7,354,755
-	-	2,077,776
-	-	39,243
25,789,282	-	33,015,979
25,789,282	6,781,850	102,779,450
(13,514,624)	1,261,908	(6,502,584)
-	-	14,500,000
7,300,000	-	7,300,000
(5,981)	-	(5,981)
-	-	(14,326,210)
3,266,900	1,005,043	9,870,682
(1,574,963)	(172,581)	(9,012,905)
8,985,956	832,462	8,325,586
(4,528,668)	2,094,370	1,823,002
445,055	6,769,419	35,296,635
(4,083,613)	8,863,789	37,119,637

## City of Council Bluffs

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
to the Statement of Activities

Year ended June 30, 2011

**Net change in fund balances-total governmental funds (page 33)**

\$ 1,823,002

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlays and contributed assets exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 18,956,415	
Depreciation/amortization expense	<u>(9,477,543)</u>	9,478,872

Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	5,465	
Other	<u>(1,496,762)</u>	(1,491,297)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issuances exceeded repayments, as follows:

Issued	(21,800,000)	
Repaid	<u>21,772,607</u>	(27,393)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(358,300)	
Net OPEB expense	(366,951)	
Net pension expense	(18,511)	
Interest on long-term debt	<u>3,525</u>	(740,237)

Internal Service Funds are used by management to charge the costs of certain activities, including the partial self funding of the City's health insurance benefit plan, to individual funds. The change in net assets of the Internal Service Funds is reported with governmental activities.

(947,738)**Change in net assets of governmental activities (page 25)**\$ 8,095,209

See notes to financial statements.



**City of Council Bluffs**

## PROPRIETARY FUND FINANCIAL STATEMENTS

### Major Funds

**Enterprise, Sewer Fund** – The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

**Enterprise, Refuse and Disposal Fund** – The Enterprise, Refuse and Disposal Fund accounts for the operation and maintenance of the City's solid waste collection and recycling systems.

## City of Council Bluffs

Statement of Net Assets  
Proprietary Funds

June 30, 2011

	Business Type Activities - Enterprise		
		Refuse and Disposal	Total
	Sewer		
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 5,769	1,508,494	1,514,263
Receivables:			
Accounts	59,149	1,362,412	1,421,561
Customer accounts and unbilled usage	780,167	-	780,167
Due from other governments	264,736	169,174	433,910
Revenue note proceeds receivable	900,000	-	900,000
Inventories	276,858	21,974	298,832
Total current assets	2,286,679	3,062,054	5,348,733
Noncurrent assets:			
Capital assets - nondepreciable	21,882,122	360,622	22,242,744
Capital assets - depreciable (net)	104,504,726	2,588,067	107,092,793
Total noncurrent assets	126,386,848	2,948,689	129,335,537
<b>Total assets</b>	128,673,527	6,010,743	134,684,270
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	105,753	311,825	417,578
Salaries and benefits payable	32,930	14,806	47,736
Due to other funds	1,575,236	152,257	1,727,493
Unearned revenue	-	55,646	55,646
SWAP loan payable	-	26,000	26,000
Compensated absences	153,469	49,677	203,146
Total current liabilities	1,867,388	610,211	2,477,599
Noncurrent liabilities:			
Revenue notes payable	900,000	-	900,000
SWAP loan payable	-	26,000	26,000
Compensated absences	130,884	23,377	154,261
Net OPEB liability	140,807	26,703	167,510
Net pension liability	62,728	11,739	74,467
Total noncurrent liabilities	1,234,419	87,819	1,322,238
<b>Total liabilities</b>	3,101,807	698,030	3,799,837
<b>Net Assets</b>			
Invested in capital assets, net of related debt	125,486,848	2,948,689	128,435,537
Unrestricted	84,872	2,364,024	2,448,896
<b>Total net assets</b>	\$ 125,571,720	5,312,713	130,884,433

See notes to financial statements.

City of Council Bluffs

Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2011

	Business Type Activities			Governmental Activities
	Enterprise			Internal Service
	Refuse			Iowa Governmental
	Sewer	and Disposal	Total	Health Care Plan
Operating revenues:				
Charges for service	\$ 5,251,904	4,507,513	9,759,417	-
Miscellaneous	38,644	703,797	742,441	-
Total operating revenues	5,290,548	5,211,310	10,501,858	-
Operating expenses:				
Sewer system and sewage disposal	5,814,194	-	5,814,194	-
Refuse disposal	-	4,422,403	4,422,403	-
Depreciation	2,511,275	229,836	2,741,111	-
Total operating expenses	8,325,469	4,652,239	12,977,708	-
Operating income (loss)	(3,034,921)	559,071	(2,475,850)	-
Nonoperating revenues:				
Interest on investments	180	-	180	-
State and federal grants	263,000	33,257	296,257	-
Miscellaneous	10,397	-	10,397	-
Gain on disposition of capital assets	-	127,138	127,138	-
Total nonoperating revenues	273,577	160,395	433,972	-
Net income (loss) before contributions and transfers	(2,761,344)	719,466	(2,041,878)	-
Contributions and transfers:				
Capital contributions	8,819,686	-	8,819,686	-
Transfers in	48,970	40,991	89,961	-
Transfers out	-	-	-	(947,738)
Total contributions and transfers	8,868,656	40,991	8,909,647	(947,738)
Change in net assets	6,107,312	760,457	6,867,769	(947,738)
Net assets beginning of year	119,464,408	4,552,256	124,016,664	947,738
Net assets end of year	\$ 125,571,720	5,312,713	130,884,433	-

See notes to financial statements.

**City of Council Bluffs**

**Exhibit I**

## City of Council Bluffs

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2011

	Business Type Activities			Governmental Activities
	Enterprise			Internal Service
	Refuse			Iowa Governmental
	Sewer	and Disposal	Total	Health Care Plan
Cash flows from operating activities:				
Cash received from customers and users	\$ 5,248,153	4,456,703	9,704,856	-
Cash received from other sources	122,220	673,917	796,137	15,659
Cash paid for personal services	(3,671,425)	(972,233)	(4,643,658)	-
Cash paid to suppliers	(1,900,937)	(3,403,071)	(5,304,008)	-
Net cash provided by (used for) operating activities	(201,989)	755,316	553,327	15,659
Cash flows from noncapital financing activities:				
Nonoperating noncapital grants	-	16,340	16,340	-
Negative cash balance implicitly financed	1,575,236	152,257	1,727,493	-
Transfers from other funds	66,848	40,991	107,839	-
Transfers to other funds	-	-	-	(947,738)
Net cash provided by (used for) noncapital financing activities	1,642,084	209,588	1,851,672	(947,738)
Cash flows from investing activities:				
Interest on investments	180	-	180	19
Cash flows from capital and related financing activities:				
Miscellaneous revenue	10,397	-	10,397	-
Acquisition of capital assets	(4,369,740)	(538,547)	(4,908,287)	-
Principal paid on SWAP loan	-	(32,500)	(32,500)	-
Net cash used for capital and related financing activities	(4,359,343)	(571,047)	(4,930,390)	-
Net increase (decrease) in cash and cash equivalents	(2,919,068)	393,857	(2,525,211)	(932,060)
Cash and cash equivalents beginning of year	2,924,837	1,114,637	4,039,474	932,060
Cash and cash equivalents end of year	\$ 5,769	1,508,494	1,514,263	-

City of Council Bluffs  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2011

	Business Type Activities			Governmental Activities
	Enterprise			Internal Service
	Sewer	Refuse and Disposal	Total	Iowa Governmental Health Care Plan
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ (3,034,921)	559,071	(2,475,850)	-
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	2,511,275	229,836	2,741,111	-
(Increase) decrease in accounts receivable	(31,257)	(50,810)	(82,067)	15,659
Decrease in customer accounts receivable and unbilled usage	27,506	-	27,506	-
Decrease in due from other governments	304,114	-	304,114	-
(Increase) decrease in inventories	(39,562)	8,835	(30,727)	-
Increase (decrease) in accounts payable	(3,954)	23,438	19,484	-
Increase (decrease) in salaries and benefits payable	(19,204)	1,900	(17,304)	-
(Decrease) in due to other governments	(2,637)	-	(2,637)	-
(Decrease) in unearned revenue	-	(29,880)	(29,880)	-
Increase in compensated absences	42,485	3,854	46,339	-
Increase in net OPEB liability	41,815	8,534	50,349	-
Increase in net pension liability	2,351	538	2,889	-
Total adjustments	2,832,932	196,245	3,029,177	15,659
Net cash provided by (used for) operating activities	\$ (201,989)	755,316	553,327	15,659

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, capital assets of \$8,712,926 and \$106,760 were contributed to the Sewer Fund by the governmental funds and developers, respectively.

During the year ended June 30, 2011, \$900,000 of revenue note proceeds were recorded for revenue notes where the closing date was prior to June 30, 2011 but the actual proceeds were not received until fiscal year 2012.

See notes to financial statements.

**City of Council Bluffs**



## **FIDUCIARY FUND FINANCIAL STATEMENT**

**Fiduciary Funds** are presented by fund in the Other Supplementary Information section.

City of Council Bluffs  
Statement of Fiduciary Net Assets  
Agency Funds  
June 30, 2011

**Assets**

Cash and polled investments	\$ 86
Due from other governments	40,209
<b>Total assets</b>	<u>40,295</u>

**Liabilities**

Due to other governments	8,433
Trusts payable	31,862
<b>Total liabilities</b>	<u>40,295</u>

**Net assets**

<u>\$ -</u>
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See notes to financial statements.

City of Council Bluffs

Notes to Financial Statements

June 30, 2011

**(1) Summary of Significant Accounting Policies**

The City of Council Bluffs is a political subdivision of the State of Iowa located in Pottawattamie County. It was first incorporated in 1853 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also operates the airport and provides sewer and sanitation utilities for its citizens.

The financial statements of the City of Council Bluffs have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, the City of Council Bluffs has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Council Bluffs (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Discretely Presented Component Units**

The Council Bluffs Airport Authority (Authority) was established pursuant to Chapter 330A of the Code of Iowa to operate the City's airport facility. The Authority is governed by a seven member board appointed by the Mayor, with concurrence of a majority of the City Council. The board members serve at the pleasure of the City. The City annually provides significant operating subsidies to the Authority and collects and remits the tax levied by the Authority. In accordance with criteria set by the Governmental Accounting Standards Board, the Authority meets the definition of a component unit which should be discretely presented. Complete financial statements of the Council Bluffs Airport Authority can be obtained from its office at 101 McCandless Lane, Council Bluffs, Iowa 51503.

The Council Bluffs Public Library Foundation (Foundation) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, educational and literary purposes for the enhancement and improvement of the Council Bluffs Public Library. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or held by the Foundation are substantially for the direct benefit of the City of Council Bluffs Library.

#### Jointly Governed Organization

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Pottawattamie County Assessor's Conference Board, Metropolitan Area Planning Agency, Pottawattamie County Emergency Management Commission and Pottawattamie County E911 Service Board.

#### Related Organizations and Organizations with Joint Venture Characteristics

The City participates in several related organizations or related organizations with joint venture characteristics for which the City is not financially accountable even though the City appoints a voting majority of the organization's governing board or the organization's financial activity is reported in the City's financial statements and in another participating government's financial statements. City officials are members of or appoint representatives to the following organizations: Municipal Housing Agency, Convention and Visitors Bureau, the Pottawattamie County Communications Center Commission, the Southwest Iowa Solid Waste Management Association and the Council Bluffs Municipal Waterworks.

### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories/components:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Nonexpendable restricted net assets* are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

*Expendable restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues from general and emergency levies and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

The Special Revenue, Bass Pro Shop Fund is used to account for revenues from rent and the City, County and Iowa West Foundation contributions and used for the payment of interest and principal on the City's urban renewal term loan note debt and maintenance of the Bass Pro Shop.

The Special Revenue, Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay indebtedness incurred for urban renewal projects.

The Special Revenue, City Local Option Sales Tax Fund is used to account for revenues from the tax authorized by referendum and used for maintenance and improvements to the City's sewer and street systems.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The City reports the following major proprietary funds:

The Enterprise, Sewer Fund is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Refuse and Disposal Fund is used to account for the operation and maintenance of the City's solid waste collection and recycling system.

The Internal Service Fund is used to finance and account for services provided by designated departments or agencies to other departments and agencies of the City, specifically health insurance. During the year ended June 30, 2011, the Internal Service Fund was closed out and the activity is reported in the General Fund.

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the programs. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the City apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most City funds are pooled and invested in interest-bearing cash accounts or certificates of deposit. Interest on the pooled cash investments is recognized as revenue when earned and allocated to the funds on a systematic basis, or as provided by law. Investments are stated at fair value except for the investments in the Iowa Public Agency Investment Trust which are valued at amortized cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable, Including Tax Increment Financing – Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2011 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through

June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2010.

Customer Accounts and Unbilled Usage – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Special and Drainage Assessments Receivable – Special and drainage assessments receivable represents the amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other tax. Assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Advances to/from Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account for governmental funds which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Due From other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items – Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, prepaid items are accounted for using the consumption method and a portion of fund balance equal to the prepaid items has been reported as nonspendable to indicate that it is not available for appropriation.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the City) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.



Asset Class	Amount
Land, buildings and improvements	\$ 25,000
Machinery, equipment and vehicles	5,000
Infrastructure	50,000
Intangibles	50,000

Capital assets of the City are depreciated/amortized using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	40-50 years
Land improvements	10-20 years
Machinery and equipment	5-30 years
Vehicles	5-10 years
Infrastructure	20-65 years
Intangibles	7-15 years

Deferred and Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred and unearned revenue consists of delinquent property tax receivable and other receivables not collected within sixty days after year end and unearned revenue.

Deferred and unearned revenue in the Statement of Net Assets consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and unearned revenue.

Compensated Absences – City employees accumulate a limited amount of earned but unused vacation and sick leave benefits and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Assets and the proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted in the culture and recreation, general government, capital projects and business type activities functions.

**(2) Cash and Pooled Investments**

Primary Government

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$23,900,674 which approximates fair value, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the investment of operating funds (funds reasonably expected to be expended during the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days. However, all investments of the City shall have maturities consistent with the needs and uses of the City.

Credit risk: The City's investments in the Iowa Public Agency Investment Trust are unrated.

Concentration of credit risk: The City's investment policy has the following limitations: no more than 10% of the investment portfolio may be invested in prime banker's acceptances, commercial paper or other short-term corporate debt; no more than 5% of the investment portfolio may be invested in the securities of a single issuer; and no more than 5% of all amounts invested in commercial paper or other short-term corporate debt shall be invested in paper and debt rated in the second highest classification. When possible, it is the City's policy to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or a specific class of securities.

### Discretely Presented Component Unit – Library Foundation

The Council Bluffs Public Library Foundation's investments at June 30, 2011 consist of mutual funds with a fair value of \$4,627,542.

### **(3) Capital Assets**

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 30,777,049	1,859,593	(175,000)	32,461,642
Construction in progress	21,181,515	14,772,940	(9,626,684)	26,327,771
Total capital assets not being depreciated	51,958,564	16,632,533	(9,801,684)	58,789,413
Capital assets being depreciated/amortized:				
Buildings	118,595,487	1,044,499	-	119,639,986
Improvements other than buildings	26,682,381	361,680	-	27,044,061
Equipment and vehicles	18,954,666	1,723,708	(762,885)	19,915,489
Infrastructure, road network and other	141,506,231	9,011,082	-	150,517,313
Intangibles	526,637	50,400	-	577,037
Total capital assets being depreciated/amortized	306,265,402	12,191,369	(762,885)	317,693,886
Less accumulated depreciation/amortization for:				
Buildings	19,509,723	2,698,624	-	22,208,347
Improvements other than buildings	10,666,904	1,300,931	-	11,967,835
Equipment and vehicles	12,792,791	1,442,310	(697,082)	13,538,019
Infrastructure, road network and other	49,630,311	3,964,653	-	53,594,964
Intangibles	325,914	71,025	-	396,939
Total accumulated depreciation/amortization	92,925,643	9,477,543	(697,082)	101,706,104
Total capital assets being depreciated/amortized, net	213,339,759	2,713,826	(65,803)	215,987,782
Governmental activities capital assets, net	\$ 265,298,323	19,346,359	(9,867,487)	274,777,195
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,445,912	-	-	6,445,912
Construction in progress	11,919,019	9,862,755	(5,984,942)	15,796,832
Total capital assets not being depreciated	18,364,931	9,862,755	(5,984,942)	22,242,744
Capital assets being depreciated:				
Buildings	20,046,091	-	-	20,046,091
Improvements other than buildings	6,837,493	-	-	6,837,493
Equipment and vehicles	12,252,228	808,487	(403,444)	12,657,271
Infrastructure, sewer network	100,384,551	8,661,918	-	109,046,469
Total capital assets being depreciated	139,520,363	9,470,405	(403,444)	148,587,324
Less accumulated depreciation for:				
Buildings	9,566,913	386,275	-	9,953,188
Improvements other than buildings	1,084,680	122,618	-	1,207,298
Equipment and vehicles	7,450,569	586,261	(292,146)	7,744,684
Infrastructure, sewer network	20,943,404	1,645,957	-	22,589,361
Total accumulated depreciation	39,045,566	2,741,111	(292,146)	41,494,531
Total capital assets being depreciated, net	100,474,797	6,729,294	(111,298)	107,092,793
Business type activities capital assets, net	\$ 118,839,728	16,592,049	(6,096,240)	129,335,537

Depreciation/amortization expense was charged to functions of the primary government as follows:

Governmental activities:

Public safety	\$ 878,416
Public works	4,133,725
Health and social services	6,768
Culture and recreation	2,090,707
Community and economic development	2,290,417
General government	77,510
Total depreciation/amortization expense - governmental activities	<u>\$ 9,477,543</u>

Business type activities:

Sewer	\$ 2,511,275
Refuse and Disposal	229,836
Total depreciation expense - business type activities	<u>\$ 2,741,111</u>

**Discretely Presented Component Unit:**

**Airport Authority:**

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Land	\$ 2,192,064	-	-	2,192,064
Construction in progress	894,837	2,212,675	2,169,892	937,620
Total capital assets not being depreciated	<u>3,086,901</u>	<u>2,212,675</u>	<u>2,169,892</u>	<u>3,129,684</u>
Capital assets being depreciated:				
Buildings	4,683,029	2,173,857	2,500	6,854,386
Improvements other than buildings	17,806,644	157,976	-	17,964,620
Equipment and vehicles	271,055	50,250	-	321,305
Total capital assets being depreciated	<u>22,760,728</u>	<u>2,382,083</u>	<u>2,500</u>	<u>25,140,311</u>
Less accumulated depreciation for:				
Buildings	1,139,673	118,944	68	1,258,549
Improvements other than buildings	1,241,488	596,188	-	1,837,676
Equipment and vehicles	163,673	23,057	-	186,730
Total accumulated depreciation	<u>2,544,834</u>	<u>738,189</u>	<u>68</u>	<u>3,282,955</u>
Total capital assets being depreciated, net	<u>20,215,894</u>	<u>1,643,894</u>	<u>2,432</u>	<u>21,857,356</u>
Discretely presented component unit capital assets, net	<u>\$ 23,302,795</u>	<u>3,856,569</u>	<u>2,172,324</u>	<u>24,987,040</u>
Total depreciation expense - discretely presented component unit				<u>\$ 738,189</u>

#### (4) Long-Term Liabilities

##### Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds/notes	\$ 46,045,000	7,300,000	(6,860,000)	46,485,000	6,175,000
Urban renewal revenue capital loan note	14,579,299	-	(14,579,299)	-	-
Urban renewal term loan note	-	14,500,000	(241,666)	14,258,334	966,667
Capital lease purchase agreements	136,947	-	(76,642)	60,305	58,920
HUD loan	720,000	-	(15,000)	705,000	15,000
Compensated absences	2,379,895	2,382,659	(2,024,359)	2,738,195	1,858,683
Net OPEB liability	805,539	402,360	(35,409)	1,172,490	-
Net pension liability	495,022	76,453	(57,942)	513,533	-
Total	\$ 65,161,702	24,661,472	(23,890,317)	65,932,857	9,074,270
Business type activities:					
Sewer revenue capital loan notes	\$ -	900,000	-	900,000	-
SWAP loan	84,500	-	(32,500)	52,000	26,000
Compensated absences	311,068	306,676	(260,337)	357,407	203,146
Net OPEB liability	117,161	55,640	(5,291)	167,510	-
Net pension liability	71,578	11,547	(8,658)	74,467	-
Total	\$ 584,307	1,273,863	(306,786)	1,551,384	229,146

##### General Obligation Bonds/Notes Payable

General obligation bonds/notes have been issued for governmental activities. The portion of unmatured general obligation bonds/notes accounted for in governmental activities and serviced by the Debt Service Fund totaled \$46,485,000 at June 30, 2011. General obligation bonds/notes bear interest at rates ranging from 1.0% to 5.6% per annum and mature in varying annual amounts ranging from \$50,000 to \$2,945,000, with final maturities due in the year ending June 30, 2025.

On August 11, 2010, the City issued \$7,300,000 of general obligation bonds with interest at rates ranging from 1.00% to 3.65% to provide funds to pay the costs related to acquisition, demolition and improvements of dangerous and dilapidated buildings; improvements to existing parks; traffic control devices; equipping the fire department, emergency services, and civil defense; acquisition of peace officer communication equipment and other emergency services communication equipment and systems; construction of bridges, overpasses, and approaches; acquisition, construction, reconstruction and improvements of all water ways and real and personal property useful for the protection or reclamation of property situated within the corporate limits of the City from floods or high waters, including the construction of levies; the acquisition, construction, reconstruction, extension, improvement and equipping of works and facilities; and the construction of street, sewer and water improvements.

During the year ended June 30, 2011, principal payments of \$6,860,000 and interest payments of \$1,841,571 were made by the City on general obligation bonds/notes.

### Urban Renewal Term Loan Note

On February 18, 2011, the City issued a \$14,500,000 urban renewal term loan note through U.S. Bank National Association, the proceeds of which were used to retire the outstanding urban renewal capital loan note. The term loan note bears interest at a variable rate, adjusted monthly. Principal and interest payments are amortized over fifteen years and are due in monthly installments of \$80,556 beginning on April 30, 2011, with a final balloon payment due on March 31, 2014.

Principal and interest on this note are secured as follows:

- (1) Bass Pro Shop lease rental payments.
- (2) Mortgage and Security Agreement, in favor of the holder of the note, granting a first lien on the project improvements and land,
- (3) County annual appropriation economic development grant,
- (4) Iowa West Foundation, Inc. guaranty, and
- (5) Certain annual appropriations totaling \$10,243,220 to be made by the City.

During the year ended June 30, 2011, principal payments of \$241,666 and interest payments of \$123,226 were made by the City.

The City has pledged future Bass Pro Shop lease rental income and contributions from the City, County and Iowa West Foundation, net of specified operating expenditures, to repay the urban renewal term note issued in February 2011. Annual principal and interest payments on the note are expected to require more than 100% of net revenues. The total principal and interest remaining to be paid on the note is \$15,047,478. For the current year, principal and interest paid and total net revenues (operating revenues plus transfers in from the City, less operating expenditures) were \$730,960 and \$694,854, respectively.

### Capital Lease Purchase Agreements

The City has entered into two capital lease purchase agreements to a lease a telephone system and a street sweeper with historical costs of \$68,531 and \$152,428, respectively. The following is a schedule of the future minimum lease payments, including interest at 8.17% per annum for the telephone lease and 4.18% per annum for the street sweeper lease, and the present value of net minimum lease payments under the agreements in effect at June 30, 2011:

Year Ending June 30,	Governmental Activities		
	Telephone System	Street Sweeper	Total
2012	18,135	43,499	61,634
2013	1,395	-	1,395
Total minimum lease payments	19,530	43,499	63,029
Less interest	979	1,745	2,724
Present value of net minimum lease	\$ 18,551	41,754	60,305

Payments under the governmental activities capital lease purchase agreements totaled \$60,239 for the year ended June 30, 2011.

The historical cost of assets acquired under the above capital leases and included in capital assets on the governmental activities government-wide statements at June 30, 2011 is as follows:

Equipment	\$ 220,959
Accumulated depreciation	(84,572)
Net	<u>\$ 136,387</u>

#### Solid Waste Alternative Program (SWAP) Loan

In September 2008, the City entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of equipment for the recycling program. The agreement awarded up to \$150,000 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$130,000. The term of the loan is 60 months and requires 20 quarterly payments of \$6,500 beginning October 15, 2008. At June 30, 2011, a total of \$150,000 has been drawn on the loans, including \$20,000 of the forgivable loan.

Details of the City's SWAP loan at June 30, 2011 are as follows:

Year Ending June 30,	Principal
2012	\$ 26,000
2013	19,500
2014	6,500
Total	<u>\$ 52,000</u>

The City paid \$32,500 of principal under the agreement during the year ended June 30, 2011.

#### Sewer Revenue Capital Loan Notes

On February 11, 2010, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources (DNR) for the issuance of up to \$375,000 of sewer revenue capital loan notes with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. A portion of the agreement was issued using proceeds of the American Recovery and Reinvestment Act of 2009 and includes a provision for forgiving \$75,000 of the notes upon completion of the project and compliance with federal regulations.

On February 11, 2010, the City entered into another agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources (DNR) for the issuance of up to \$945,000 of sewer revenue capital loan notes with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. A portion of the agreement was issued using proceeds of the American Recovery and Reinvestment Act of 2009 and includes a provision for forgiving \$188,000 of the notes upon completion of the project and compliance with federal regulations.

The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the sewer utility system. The City will draw down funds from the DNR upon request to reimburse the City for costs as they are incurred. At June 30, 2011, the City had not drawn down any of the authorized amount. An initiation fee of 1% of the authorized borrowing for the sewer revenue capital loan notes will be charged by the Iowa Finance Authority and withheld from the first proceeds of the sewer revenue capital loan notes drawn by the City.

Final repayment schedules will not be adopted until the City has drawn down the lessor of total project costs or the authorized amount of the notes.

The closing date on the above capital loan notes was prior to June 30, 2011. Accordingly, a receivable and a liability for \$900,000 have been reported as of the closing date as prescribed by generally accepted accounting principles and are included in the Statement of Net Assets as revenue note proceeds receivable and sewer revenue capital loan notes payable. The forgivable portion (\$263,000) has been recognized as revenue because all conditions for forgiveness have been met.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the sewer revenue capital loan notes. The notes are payable solely from sewer customer net receipts. Annual principal and interest payments on the notes require more than 100% of net receipts. The total amount of principal and interest remaining to be paid on the notes at June 3, 2011 is not available since final repayment schedules have not been adopted.

The resolutions providing for the issuance of the sewer revenue capital loan notes issued under loan agreements between the City, the Iowa Finance Authority and the Iowa Department of Natural Resources includes the following provisions:

- (1) The notes will only be redeemed from the future earnings of the enterprise activity and the note holder holds a lien on the future earnings of the funds.
- (2) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

Governmental activities:

Details of general obligation bonds/notes payable at June 30, 2011 are as follows:

Obligation/Purpose	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2011
General obligation bonds:						
Essential corporate purpose	Mar 1, 2004	2.500-3.950%	June 1, 2019	\$100,000-515,000	4,500,000	3,570,000
Essential corporate purpose	May 17, 2005	3.500-4.000	June 1, 2019	380,000-520,000	8,000,000	5,880,000
Essential corporate purpose	Apr 10, 2006	4.000-4.200	June 1, 2020	100,000-2,945,000	8,220,000	3,635,000
Corporate purpose	May 1, 2007	4.000	June 1, 2020	100,000-2,100,000	8,965,000	8,565,000
Essential corporate purpose	May 1, 2007	3.700-4.000	June 1, 2020	155,000-240,000	2,150,000	1,830,000
Corporate purpose	Jun 23, 2008	3.250-4.000	June 1, 2021	140,000-805,000	7,615,000	6,805,000
Essential corporate purpose	Jun 9, 2009	2.100-5.600	June 1, 2024	50,000-660,000	7,165,000	6,710,000
Essential corporate purpose	Aug 11, 2010	1.000-3.650	June 1, 2025	115,000 - 805,000	7,300,000	6,495,000
General obligation capital loan notes:						
Essential corporate purpose	Mar 18, 2010	2.000-2.500	June 1, 2015	690,000 - 780,000	3,685,000	2,995,000
Total governmental activities						<u>\$ 46,485,000</u>

Details of the urban renewal revenue term loan note payable at June 30, 2011 are as follows:

Obligation	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2011
Term loan note	Feb 18, 2011	2.3102% *	Feb 18, 2014	966,666 - 12,324,999	14,500,000	<u>\$ 14,258,334</u>

\* Rate is variable with 225 basis points added to the 30-day LIBOR index, adjusted monthly.



A summary of the annual principal and interest payments to maturity is as follows:

Year Ending June 30,	General Obligation Bonds/Notes			Urban Renewal Revenue Term Loan Note		
	Principal	Interest	Total	Principal	Interest*	Total
2012	\$ 6,175,000	1,694,376	7,869,376	\$ 966,667	318,282	1,284,949
2013	5,820,000	1,493,229	7,313,229	966,667	295,195	1,261,862
2014	5,655,000	1,302,114	6,957,114	12,325,000	175,667	12,500,667
2015	5,490,000	1,115,593	6,605,593	-	-	-
2016	3,915,000	924,322	4,839,322	-	-	-
2017-2021	15,275,000	2,557,521	17,832,521	-	-	-
2022-2024	4,155,000	414,037	4,569,037	-	-	-
Total	\$ 46,485,000	9,501,192	55,986,192	\$ 14,258,334	789,144	15,047,478

\* Annual interest payments are estimated since the interest rate on this note varies.

At June 30, 2011, the general obligation debt issued by the City did not exceed its legal debt margin, computed as follows:

Actual assessed value as of January 1, 2009 (unaudited)	<u>\$4,377,833,626</u>
Debt limit – 5% of total actual valuation	\$ 218,891,681
Less debt applicable to debt limit:	
General obligation debt outstanding	46,485,000
Capital lease purchase agreements	60,305
Tax increment indebtedness	34,496,993
Debt Service Fund balance	(959,566)
Tax Increment Financing Fund balance	<u>1,215,680</u>
Legal debt margin	<u>\$ 137,593,269</u>

**(5) U.S. Department of Housing and Urban Development (HUD) Loan**

HUD Loan to City

On August 20, 2007, the City entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) to borrow \$750,000 under the provisions of the HUD Section 108 Loan Guarantee Program. The loan, for the purpose discussed below, is evidenced by a promissory note with a variable interest rate equal to 20 basis points (0.2%) above the applicable London Interbank Offered Rates (LIBOR), adjusted monthly. Interest is payable quarterly on the loan and principal is due annually for twenty years, beginning August 1, 2008 and ending August 1, 2027. During the year ended June 30, 2011, the City paid \$15,000 of principal and \$4,409 of interest on the loan. Below is a summary of the annual principal and interest payments to maturity.

Year Ending June 30,	Principal	Interest *	Total
2012	15,000	3,126	18,126
2013	15,000	3,058	18,058
2014	15,000	2,990	17,990
2015	15,000	2,922	17,922
2016	20,000	2831	22,831
2017-2021	175,000	12,004	187,004
2022-2026	295,000	6,433	301,433
2027-2028	155,000	362	155,362
Total	<u>\$ 705,000</u>	<u>33,726</u>	<u>738,726</u>

\* Annual interest payments are estimated since the interest rate on this loan varies (the interest rate at June 30, 2011 is approximately .45% per annum).

### Note Receivable to City

On September 7, 2007, the City entered into a \$750,000 leverage loan agreement with TC-Council Bluffs QEI, LLC, a Delaware limited liability company (obligor) for investment through NDC New Markets Investments XXVIII, L.P. for 117 Pearl Street, LLC, qualifying as a QALICB under section 45D of the Internal Revenue Code. The purpose of the agreement was to loan the HUD loan proceeds to assist with the redevelopment of the former NonPareil building in conjunction with the Pottawattamie County Development Corporation and J Development. The Section 108 funds were loaned through NDC New Markets Investments XXVIII, L.P. to accommodate the infusion of new market tax credits. The loan to the obligor is evidenced by a promissory note to the City with a variable interest rate equal to 20 basis points (0.2%) above the applicable London Interbank Offered Rates (LIBOR), adjusted monthly. The note is secured by an assignment and pledge for security purposes of the partnership interests of all the obligor's interest in NDC New Markets Investments XXVIII, L.P.

Principal on this note receivable is fully due and payable to the City no later than June 1, 2015. Prior to that date, the obligor shall make quarterly payments of accrued interest only, commencing on September 1, 2007 and continuing until June 1, 2015. During the year ended June 30, 2011, \$4,192 of interest was paid to the City on the note.

### **(6) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Bass Pro Shop	\$ 12,000
	Internal Service	947,738
		<u>959,738</u>
Special Revenue:	Special Revenue:	
Bass Pro Shop	Tax Increment Financing	<u>787,458</u>
City Local Option Sales Tax	Capital Projects	<u>1,574,963</u>
Nonmajor	General	<u>1,005,043</u>
Debt Service	Special Revenue:	
	Tax Increment Financing	<u>2,276,580</u>
Capital Projects	General	845,348
	Special Revenue:	
	City Local Option Sales Tax	1,837,518
	Tax Increment Financing	411,453
	Nonmajor	172,581
		<u>3,266,900</u>
Enterprise:	Special Revenue:	
Sewer	Tax Increment Financing	<u>48,970</u>
Refuse and Disposal	General	<u>40,991</u>
Total		<u>\$ 9,960,643</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(7) Interfund Assets/Liabilities**

The detail of advances to/from other funds is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Tax Increment Financing	<u>\$ 1,581,063</u>

The advance to/from other funds resulted from a borrowing of gaming revenues for the payment of debt related to an urban renewal project. The borrowing will be repaid over several years with tax increment financing collections.

The detail of due to/from other funds is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects	6,067,772
	Enterprise: Refuse and Disposal	<u>152,257</u>
		<u>6,220,029</u>
Special Revenue: City Local Option Sales Tax	Enterprise: Sewer	<u>1,575,236</u>
Capital Projects	Special Revenue: City Local Option Sales Tax	<u>18,361</u>
Total		<u>\$ 7,813,626</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(8) Pension and Retirement Benefits**

Iowa Public Employees Retirement System

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of annual covered payroll for the current year. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$986,219, \$957,822 and \$833,422, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing multiple-employer defined benefit retirement system administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and

required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104<sup>th</sup> Street, Des Moines, Iowa 50322.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate may not be less than 19.90% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2011, 2010 and 2009 were \$2,722,105, \$2,335,485 and \$2,358,269, respectively, which met the required minimum contributions for each year.

**(9) Other Postemployment Benefits (OPEB)**

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 426 active and 36 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The General, Special Revenue, Road Use Tax and Enterprise, Sewer and Refuse and Disposal Funds primarily fund OPEB costs.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 465,000
Interest on net OPEB obligation	23,000
Adjustment to annual required contribution	(30,000)
Annual OPEB cost	458,000
Contributions made	(40,700)
Increase in net OPEB obligation	417,300
Net OPEB obligation beginning of year	922,700
Net OPEB obligation end of year	<u>\$ 1,340,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the City contributed \$40,700 to the medical plan. Plan members eligible for benefits contributed \$396,000, or 91% of the premium costs.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 632,000	15.5%	\$ 534,000
2010	419,200	7.3%	922,700
2011	458,000	8.9%	1,340,000

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$4,073,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,073,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$25,794,000 and the ratio of the UAAL to covered payroll was 15.8%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 6%. An inflation rate of 0% is assumed for purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report and applying the termination factors used in the MFPSI and IPERS Actuarial valuation reports.

Projected claim costs of the medical plan are \$577 per month for retirees less than age 65. The UAAL is being amortized as a level dollar cost using a closed group method over 30 years. A salary increase rate was not assumed because benefits under the level dollar method are not related to salary levels.

#### **(10) Supplemental Pension Plan**

Plan Description - The City provides a defined benefit supplemental pension (severance pay) benefit to eligible employees. Currently, all union and non-union employees, except police union members who have completed one year of continuous service with

the City and who do not voluntarily resign and are not discharged for cause, are eligible for this benefit.

There are 437 active members in the plan as of June 30, 2011. The pension benefit is defined in terms of hourly rates of pay by employee, payable in one lump sum upon retirement or termination. The benefit (severance pay) is paid based on the following continuous service requirements:

Years of Service	Amount of Severance	
	40 Hour Schedule	56 Hour Schedule
More than 1, but less than 5	40 hours pay	56 hours pay
More than 5, but less than 10	80 hours pay	112 hours pay
More than 10, but less than 15	120 hours pay	168 hours pay
More than 15	160 hours pay	224 hours pay

Funding Policy – Contribution requirements for the plan are established and may be amended by the City. Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The General, Special Revenue, Road Use Tax and Enterprise, Sewer and Refuse and Disposal Funds are used for funding all the pension benefits. The City makes all the contributions.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 27, as amended by GASB Statement No. 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual pension cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the City's net pension obligation:

Annual required contribution	\$ 95,000
Interest on net pension obligation	28,000
Adjustment to annual required contribution	<u>(35,000)</u>
Annual pension cost (expense)	88,000
Pension payments made	<u>(66,600)</u>
Increase in net pension obligation	21,400
Net pension obligation beginning of year	<u>566,600</u>
Net pension obligation end of year	<u><u>\$ 588,000</u></u>

For calculation of the net pension obligation, the actuary has set the transition day as July 1, 2008. The end of year net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the City contributed \$66,600 to the pension plan. The City's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 337,200	12.7%	\$ 294,300
2010	331,100	17.8%	556,600
2011	88,000	75.6%	588,000

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$744,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$744,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$25,794,000 and the ratio of the UAAL to covered payroll was 2.9%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and employee retirement age. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumption includes a 5% discount rate based on the City's funding policy.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual termination probabilities were based on Scale T-3 of the Actuary's Pension Handbook and annual retirement probabilities were based on the MFPSI and IPERS Actuarial valuation reports.

The salary increase rate, which includes an inflation factor, was assumed to be 3% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

**(11) Transit Authority Agreement**

The City has contracted for transit service on a regular, scheduled basis over certain routes within the City. The contract provides the City shall pay the net operating cost of service over these routes within the City. During the year ended June 30, 2011, the City paid \$423,831 under this contract.

**(12) Pending Litigation and Contingent Liabilities**

The City is subject to pending litigation seeking damages. The amount and probability of loss, if any, is not determinable. The City is self-insured for the first \$500,000 of loss.

**(13) Industrial Development Revenue Bonds**

The City has issued a total of \$47,780,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the City.

**(14) Employee Health Insurance Plan**

The Internal Service, Iowa Governmental Health Care Plan Fund was established to account for the partial self funding of the City's health insurance benefit plan. The plan is funded by both employee and City contributions and is administered through a service agreement with Iowa Governmental Health Care Plan. The agreement is subject to automatic renewal provisions. The City assumes liability for claims up to the deductible of \$2,500/\$5,000 per single/family plan with a maximum out of pocket expense of \$5,000/\$10,000 per single/family plan. The deductible and maximum out of pocket expense for the city is reduced by the deductible amount paid by the employee of \$100/\$300 per single/family plan and employee maximum out of pocket expense of \$1,000/\$2,000 per single/family plan. Claims in excess of deductibles are covered by Iowa Governmental Health Care Plan.

Monthly payments of service fees and plan contributions to the Iowa Governmental Health Care Plan Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Liberty Bank, Council Bluffs, Iowa and Iowa Governmental Health Care Plan administers the plan funds. The City records the plan assets and related liabilities of the health plan in the General Fund. The City's contribution to the fund for the year ended June 30, 2011 was \$6,090,462.

Amounts payable from the Iowa Governmental Health Care Plan Fund at June 30, 2011 total \$150,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2011 and June 30, 2010 is as follows:

	2011	2010
Unpaid claims as of beginning of year	\$ 150,000	787,493
Incurred claims (including claims incurred but not reported as of June 30)	7,233,083	5,223,426
Payments on claims	(7,233,083)	(5,860,919)
Unpaid claims as of year end	\$ 150,000	150,000



**(15) Deficit Fund Balances**

The Special Revenue, Tax Increment Financing and Capital Projects Funds had deficit fund balances of \$1,215,680 and \$4,083,613, respectively, at June 30, 2011. The deficit balances will be eliminated through the future collection of tax increment financing and through transfers from other funds.

**(16) Construction Commitments**

Construction commitments at June 30, 2011 totaled \$17,059,447, which will be paid as work on the projects progresses. These projects will be funded through general obligation notes, grants and local funds on hand.

**(17) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance and \$500,000 self-insured retention on liability and auto coverage only and \$500,000 on worker's compensation. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(18) CDBG Installment Loan Escrow Fund**

During the year ended June 30, 1977, the City received funding for an individual housing rehabilitation loan program from the U.S. Department of Housing and Urban Development. These funds were subsequently loaned to individuals in the City. The loans receivable and loan payments received from the individuals are accounted for in the Special Revenue, CDBG Grant Fund. The Special Revenue, CDBG Installment Loan Escrow Fund receives a portion of loan payments for payment of property tax and insurance. Active loans during the year ended June 30, 2011 carry an interest rate of 3% per annum and have terms ranging from 10 to 20 years. At June 30, 2011, there were 76 active loans with a total outstanding principal balance of \$772,619, which is included in loans receivable in these financial statements.

**(19) Urban Renewal Development Agreements**

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$28,902,006. Certain of the agreements include provisions for payment of interest.

During the year ended June 30, 2011, the City rebated \$2,066,777 of incremental property tax to developers, which included \$2,047,944 for principal and \$18,833 for interest. The total cumulative principal amount rebated on the agreements is \$3,524,120. The outstanding balance on the agreements at June 30, 2011 was \$25,377,886.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause is subject to the constitutional debt limitation.

**(20) Economic Development Agreements**

Mid-American Recreation & Convention Complex

On July 24, 2001, the City entered into an agreement with the Council Bluffs Community Betterment Foundation, the Iowa West Foundation (IWF), the Southwest Iowa Foundation and Harvey's Casino Resorts to develop a project known as the Mid-American Recreation & Convention Complex. As part of this agreement, the City has agreed to dedicate certain excess hotel/motel receipts, up to a maximum of \$5,000,000, to reimburse the IWF for some of the project costs. Excess hotel/motel collections are those remaining after the City has satisfied certain other commitments of these funds. The City's obligation under this agreement will expire at the earliest of December 31, 2015 or when the IWF has been fully reimbursed. During the year ended June 30, 2011, the City paid \$131,559 to the IWF pursuant to this agreement.

Bass Pro Outdoor World, L.L.C.

On October 22, 2004, the City entered into an agreement with Pottawattamie County, the Iowa West Foundation, the Southwest Iowa Foundation and the Council Bluffs Community Betterment Foundation (CBF) to develop an outdoor world retail facility. The project was financed and constructed by the CBF for use and occupancy by Bass Pro Outdoor World, L.L.C., lessee (Bass Lease). As part of this agreement, the City will own and maintain the facility and issued a \$17,000,000 urban renewal revenue capital loan note to reimburse CBF for some of the project costs. As discussed in Note 4, in February 2011, the City issued a \$14,500,000 urban renewal term loan note to retire the \$17,000,000 urban renewal capital loan note. The term loan note is secured in various forms by the development agreement participants. Pursuant to the agreement, the City established a Trust Account through First National Bank of Omaha as trustee. Deposits into this account include all sources of funding securing the note and all lease payments required under the Bass Lease. Funds in the trust account are to be used to pay real estate tax on the property, retire the urban renewal term loan note and pay operating and maintenance expenses related to the facility. This trust account is reported by the City in the Special Revenue, Bass Pro Fund.

During the year ended June 30, 2011, the City transferred \$787,458 into this fund from the Special Revenue, Tax Increment Financing Fund to fulfill part of its obligation under the economic development agreement.

City of Council Bluffs Area Chamber of Commerce

On March 26, 2008, the City entered into an agreement with the City of Council Bluffs Area Chamber of Commerce (Chamber of Commerce). As part of the agreement, the City has agreed to dedicate certain excess hotel/motel receipts to the Chamber of Commerce for the purpose of promoting the City as both a convention site and a visitor attraction. The City's obligation under this agreement commenced on July 1, 2008 and terminates on June 30, 2013. Pursuant to the agreement, the City is to pay \$400,000 in the first year of the agreement with a 7.5% increase in funding in each of the following four years.

During the year ended June 30, 2011, the City paid \$462,250 to the Chamber of Commerce as part of its obligation under the economic development agreement.

**(21) Subsequent Events**

On August 22, 2011, the City approved the issuance of \$3,275,000 of general obligation refunding bonds, series 2011A for an advance refunding of general obligation bonds, series 2004. The bonds bear interest rates ranging from .95% to 2.60% per annum for a term of eight years. The final payment is due on June 1, 2019.

**(22) Accounting Change/Restatement and Reclassification of Beginning Fund Balances**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Balances June 30, 2010, as previously reported	Change in fund type classification per implementation of GASB Statement No.54	Balance July 1, 2010, as restated
General Fund	\$ 15,366,790	5,586,267	20,953,057
Special Revenue:			
Emergency Levy	8,184	(8,184)	-
Community Development			
Non-capital Projects	854,770	(854,770)	-
Forfeited Assets	51,651	(51,651)	-
Employees' Retirement	363,108	(363,108)	-
Workers' Compensation	504,691	(504,691)	-
Unemployment Compensation	34,134	(34,134)	-
Fire and Police Retirement	1,960,601	(1,960,601)	-
City Insurance	931,694	(931,694)	-
Library Building	19,075	(19,075)	-
4th Street Parking Garage Investment	299,784	(299,784)	-
Miscellaneous	545,972	(545,972)	-
Fire Pension	10,529	(10,529)	-
Retirees - 411 Benefits	1,979	(1,979)	-
Police Cash Property Management	95	(95)	-
	<u>\$ 20,953,057</u>	<u>-</u>	<u>20,953,057</u>

**City of Council Bluffs**

REQUIRED  
SUPPLEMENTARY  
INFORMATION



**City of Council Bluffs**

City of Council Bluffs

Budgetary Comparison Schedule  
of Revenues, Expenditures/Expenses and Changes in Balances -  
Budget and Actual – Governmental Funds and Enterprise Funds

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds Actual	Enterprise Funds Actual	Total Actual
Receipts:			
Property tax	\$ 37,867,393	-	37,867,393
Tax increment financing	6,059,684	-	6,059,684
Other city tax	17,937,503	-	17,937,503
Licenses and permits	3,289,876	-	3,289,876
Use of money and property	922,502	180	922,682
Intergovernmental	20,417,261	33,257	20,450,518
Charges for service	3,561,999	9,759,417	13,321,416
Special and drainage assessments	161,225	-	161,225
Miscellaneous	6,059,423	879,976	6,939,399
Total receipts	96,276,866	10,672,830	106,949,696
Disbursements:			
Public safety	27,054,108	-	27,054,108
Public works	7,116,807	-	7,116,807
Health and social services	544,420	-	544,420
Culture and recreation	6,188,577	-	6,188,577
Community and economic development	5,525,461	-	5,525,461
General government	13,862,324	-	13,862,324
Debt service	9,471,774	-	9,471,774
Capital projects	33,015,979	-	33,015,979
Business type activities	-	12,977,708	12,977,708
Total disbursements	102,779,450	12,977,708	115,757,158
Excess (deficiency) of receipts over (under) disbursements	(6,502,584)	(2,304,878)	(8,807,462)
Other financing sources (uses), net	8,325,586	8,909,647	17,235,233
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,823,002	6,604,769	8,427,771
Balance beginning of year, as restated	35,296,635	124,016,664	159,313,299
Balance end of year	\$ 37,119,637	130,621,433	167,741,070

See accompanying independent auditor's report.



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Original/Final Budgeted Amounts	Final to Actual Variance
38,178,712	(311,319)
6,179,500	(119,816)
19,922,853	(1,985,350)
1,094,310	2,195,566
285,000	637,682
9,401,259	11,049,259
15,584,552	(2,263,136)
223,000	(61,775)
-	6,939,399
90,869,186	16,080,510
27,334,836	280,728
7,248,581	131,774
569,046	24,626
6,115,814	(72,763)
7,156,238	1,630,777
9,149,379	(4,712,945)
9,788,253	316,479
20,539,268	(12,476,711)
10,004,641	(2,973,067)
97,906,056	(17,851,102)
(7,036,870)	(1,770,592)
7,500,000	9,735,233
463,130	7,964,641
47,728,363	-
48,191,493	111,584,936
48,191,493	119,549,577

City of Council Bluffs

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds except Internal Service and Agency Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City's budget is prepared on a GAAP basis.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, no budget amendments were made.

During the year ended June 30, 2011, disbursements in the culture and recreation, general government, capital projects and business type activities functions exceeded the amounts budgeted.

City of Council Bluffs

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 5,177	5,177	0.00%	\$ 23,160	22.4%
2010	Jul 1, 2009	-	3,543	3,543	0.00%	27,837	12.7%
2011	Jul 1, 2009	-	4,073	4,073	0.00%	25,794	15.8%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

City of Council Bluffs

Schedule of Funding Progress for the  
Supplemental Pension Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 5,859	5,859	0.00%	\$ 23,160	25.3%
2010	Jul 1, 2008	-	5,859	5,859	0.00%	27,837	21.0%
2011	Jul 1, 2010	-	744	744	0.00%	25,794	2.9%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

See accompanying independent auditor's report.

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City of Council Bluffs

Schedule of Employer Contributions  
Retiree Health Plan

Required Supplementary Information

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Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2009	\$ 632,000	\$ 98,000	15.5%
2010	411,400	30,500	7.4%
2011	465,000	42,400	8.8%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

See accompanying independent auditor's report.

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City of Council Bluffs  
Schedule of Employer Contributions  
Supplemental Pension Plan

Required Supplementary Information

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Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2009	\$ 337,200	\$ 42,900	12.7%
2010	337,200	58,800	17.4%
2011	95,000	66,600	70.0%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

See accompanying independent auditor's report.

OTHER  
SUPPLEMENTARY  
INFORMATION





## COMBINING FINANCIAL STATEMENTS

### Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for specific revenues legally restricted to expenditure for particular purposes.

**The Road Use Tax Fund** accounts for the operation of street maintenance. Financing is provided by the City's share of state gasoline taxes received on a per capita basis.

**The CDBG Grant Fund** accounts for community development grant and other resources to provide resources to community based organizations for program and administrative costs. Funding is provided by federal community development block grants.

**The HOME Program Fund** accounts for loans made to participants in the community home loan program. Ongoing funding for this program is provided by recurring monthly payments of principal and interest from property owners in the program.

**The CDBG Installment Loan Escrow Fund** accounts for costs of property insurance and property taxes on residential properties financed by the community home loan program. Funding for these expenses is provided by recurring monthly payments from property owners in the program.

**The Mosquito Creek #22 Fund** accounts for costs of maintenance and operations in the Mosquito Creek drainage district. Funding is provided from assessments to the property owners in the district.

**The Sieck #32 Fund** accounts for costs of maintenance and operations in the Sieck drainage district. Funding is provided from assessments to the property owners in the district.

**The West Lewis #35 Fund** accounts for costs of maintenance and operations in the West Lewis drainage district. Funding is provided from assessments to the property owners in the district.

**The Lake Manawha SSMID Fund** accounts for the maintenance and repair operations of the Lake Manawa special improvement district, a retail and commercial area. Funding is provided by assessments to property owners within the district.

**The Library Memorial and Gifts Fund** accounts for supplemental costs of operations and acquisitions of materials for the Council Bluffs Public Library. Financing for the fund is provided by gifts and memorials from private citizens and organizations.

**The Dodge Soldiers' Investment Fund** accounts for grants made to grant applicants. Funding is provided by interest and royalties from investments. The City intends to transfer these assets to the Dodge Trust in fiscal year 2012.

### Nonmajor Permanent Fund

Permanent Funds are used to report resources legally restricted to the extent only earnings, and not principal, may be used for purposes to support the City's programs.

**The Fairview Cemetery Perpetual Care Fund** accounts for funds received and held for improvements to the Fairview Cemetery.

City of Council Bluffs  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2011

		Special Revenue			
		CDBG			
		Installment			
	Road Use Tax	CDBG Grant	HOME Program	Loan Escrow	Mosquito Creek #22
<b>Assets</b>					
Cash and pooled investments	\$ 4,869,340	646,809	142,700	12,826	120,710
Receivables:					
Accounts	10,735	123,718	-	8,857	-
Special and drainage assessments	-	-	-	-	72,113
Loans	-	772,619	-	-	-
Due from other governments	499,660	360,229	34,500	-	-
Inventories	1,129,308	-	-	-	-
<b>Total assets</b>	<b>\$ 6,509,043</b>	<b>1,903,375</b>	<b>177,200</b>	<b>21,683</b>	<b>192,823</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 158,155	30,782	-	5,022	-
Salaries and benefits payable	22,655	6,067	-	-	16
Due to other governments	-	9	-	-	-
Deferred revenue	8,757	360,229	34,500	-	71,275
Total liabilities	189,567	397,087	34,500	5,022	71,291
Fund balances:					
Nonspendable:					
Cemetery perpetual care	-	-	-	-	-
Inventories	1,129,308	-	-	-	-
Restricted for:					
Street and sewer maintenance and improvements	5,190,168	-	-	-	-
Community development block grant purposes	-	1,506,288	-	-	-
Other purposes	-	-	142,700	16,661	121,532
Total fund balances	6,319,476	1,506,288	142,700	16,661	121,532
<b>Total liabilities and fund balances</b>	<b>\$ 6,509,043</b>	<b>1,903,375</b>	<b>177,200</b>	<b>21,683</b>	<b>192,823</b>

Drainage Districts						Permanent Fairview Cemetery Perpetual Care	Total
Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Dodge Soldiers' Investment	Total		
145,215	161,723	41,628	206,246	138,932	6,486,129	59,920	6,546,049
-	-	-	-	-	143,310	-	143,310
38,540	67,057	-	-	-	177,710	-	177,710
-	-	-	-	-	772,619	-	772,619
-	-	-	-	-	894,389	-	894,389
-	-	-	-	-	1,129,308	-	1,129,308
183,755	228,780	41,628	206,246	138,932	9,603,465	59,920	9,663,385
-	-	-	1,392	-	195,351	-	195,351
16	16	-	-	-	28,770	-	28,770
-	-	-	-	-	9	-	9
36,114	64,591	-	-	-	575,466	-	575,466
36,130	64,607	-	1,392	-	799,596	-	799,596
-	-	-	-	-	-	59,920	59,920
-	-	-	-	-	1,129,308	-	1,129,308
-	-	-	-	-	5,190,168	-	5,190,168
-	-	-	-	-	1,506,288	-	1,506,288
147,625	164,173	41,628	204,854	138,932	978,105	-	978,105
147,625	164,173	41,628	204,854	138,932	8,803,869	59,920	8,863,789
183,755	228,780	41,628	206,246	138,932	9,603,465	59,920	9,663,385

City of Council Bluffs

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2011

	Road Use Tax	CDBG Grant	HOME Program	CDBG Installment Loan Escrow	Mosquito Creek #22
Revenues:					
Licenses and permits	\$ 33,427	-	-	-	-
Use of money and property	29	-	-	-	-
Intergovernmental	5,752,350	1,485,787	106,912	-	-
Charges for service	12,964	4,990	-	-	-
Special and drainage assessments	32,783	-	-	-	45,275
Miscellaneous	-	232,876	27,000	37,481	-
Total revenues	5,831,553	1,723,653	133,912	37,481	45,275
Expenditures:					
Operating:					
Public safety	-	-	-	-	23,844
Public works	4,833,384	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	895,708	141,412	39,146	-
General government	654,786	-	-	-	-
Total expenditures	5,488,170	895,708	141,412	39,146	23,844
Excess (deficiency) of revenues over (under) expenditures	343,383	827,945	(7,500)	(1,665)	21,431
Other financing sources (uses):					
Operating transfers in	1,005,043	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	1,005,043	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,348,426	827,945	(7,500)	(1,665)	21,431
Fund balances beginning of year, as restated	4,971,050	678,343	150,200	18,326	100,101
Fund balances end of year	\$ 6,319,476	1,506,288	142,700	16,661	121,532

Special Revenue						Permanent	
Drainage Districts						Fairview Cemetery Perpetual Care	Total
Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Dodge Soldiers' Investment	Total		
-	-	-	-	-	33,427	-	33,427
-	-	-	20	4,522	4,571	-	4,571
-	-	-	-	-	7,345,049	-	7,345,049
-	-	-	-	-	17,954	-	17,954
36,921	46,246	-	-	-	161,225	-	161,225
-	-	-	184,175	-	481,532	-	481,532
36,921	46,246	-	184,195	4,522	8,043,758	-	8,043,758
17,989	12,713	-	-	-	54,546	-	54,546
-	-	65,346	-	-	4,898,730	-	4,898,730
-	-	-	97,522	-	97,522	-	97,522
-	-	-	-	-	1,076,266	-	1,076,266
-	-	-	-	-	654,786	-	654,786
17,989	12,713	65,346	97,522	-	6,781,850	-	6,781,850
18,932	33,533	(65,346)	86,673	4,522	1,261,908	-	1,261,908
-	-	-	-	-	1,005,043	-	1,005,043
-	(172,581)	-	-	-	(172,581)	-	(172,581)
-	(172,581)	-	-	-	832,462	-	832,462
18,932	(139,048)	(65,346)	86,673	4,522	2,094,370	-	2,094,370
128,693	303,221	106,974	118,181	134,410	6,709,499	59,920	6,769,419
147,625	164,173	41,628	204,854	138,932	8,803,869	59,920	8,863,789

**City of Council Bluffs**

## COMBINING FINANCIAL STATEMENTS

### Agency Funds

Agency Funds account for the receipt and disbursement of various resources collected by the City, acting in the capacity of an agent, for distribution to other governmental units or organizations.

**The Section 8 Fund** accounts for payroll costs of the Municipal Housing Authority for persons associated with Section 8 housing. These costs are financed by reimbursement from the Municipal Housing Authority.

**The Municipal Housing Agency Fund** accounts for payroll costs of the Municipal Housing Authority for persons associated with municipal housing authority operations. These costs are financed by reimbursement from the Municipal Housing Authority.

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City of Council Bluffs  
Combining Schedule of Fiduciary Net Assets  
Agency Funds

June 30, 2011

	Section 8	Municipal Housing Agency	Total
<b>Assets</b>			
Cash and pooled investments	\$ 86	-	86
Due from other governments	14,864	25,345	40,209
	<u>14,950</u>	<u>25,345</u>	<u>40,295</u>
<b>Liabilities</b>			
Due to other governments	\$ -	8,433	8,433
Trusts payable	14,950	16,912	31,862
<b>Total liabilities</b>	<u>\$ 14,950</u>	<u>25,345</u>	<u>40,295</u>



City of Council Bluffs

Combining Schedule of Changes in Assets and Liabilities  
Agency Funds

Year ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
Section 8:				
Assets:				
Cash and pooled investments	\$ -	86	-	86
Due from other governments	19,349	14,864	19,349	14,864
Total assets	\$ 19,349	14,950	19,349	14,950
Liabilities:				
Due to other governments	\$ 9,349	-	9,349	-
Trusts payable	10,000	14,950	10,000	14,950
Total liabilities	\$ 19,349	14,950	19,349	14,950
Municipal Housing:				
Assets:				
Cash and pooled investments	\$ -	-	-	-
Due from other governments	47,633	25,345	47,633	25,345
Total assets	\$ 47,633	25,345	47,633	25,345
Liabilities:				
Due to other governments	\$ 23,323	8,433	23,323	8,433
Trusts payable	24,310	16,912	24,310	16,912
Total liabilities	\$ 47,633	25,345	47,633	25,345
Total:				
Assets:				
Cash and pooled investments	\$ -	86	-	86
Due from other governments	66,982	40,209	66,982	40,209
Total assets	\$ 66,982	40,295	66,982	40,295
Liabilities:				
Due to other governments	\$ 32,672	8,433	32,672	8,433
Trusts payable	34,310	31,862	34,310	31,862
Total liabilities	\$ 66,982	40,295	66,982	40,295

City of Council Bluffs

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Funds

For the Last Nine Years

					Modified
	2011	2010	2009	2008	2007
Revenues:					
Property tax	\$ 37,867,393	37,103,962	33,308,384	31,830,399	30,233,157
Tax increment financing	6,059,684	3,222,809	4,983,734	3,548,580	1,384,337
Other city tax	17,937,503	15,726,929	13,203,713	13,325,303	11,720,071
Licenses and permits	3,289,876	3,199,381	3,345,559	3,455,394	3,510,264
Use of money and property	922,502	968,615	1,422,391	1,795,827	2,073,470
Intergovernmental	20,417,261	13,957,826	10,693,866	16,273,844	12,020,294
Charges for service	3,561,999	3,543,339	3,827,025	3,298,632	3,317,768
Special and drainage assessments	161,225	341,278	220,241	210,925	203,542
Miscellaneous	6,059,423	7,399,559	6,319,096	7,756,828	10,863,550
Total	\$ 96,276,866	\$ 85,463,698	77,324,009	81,495,732	75,326,453
Expenditures:					
Operating:					
Public safety	\$ 27,054,108	25,267,311	24,800,095	24,185,898	24,010,444
Public works	7,116,807	6,354,312	6,974,369	7,113,721	6,826,252
Health and social services	544,420	524,986	515,800	503,210	488,102
Culture and recreation	6,188,577	6,029,643	7,180,312	5,685,981	5,349,274
Community and economic development	5,525,461	4,346,981	5,181,333	4,144,240	3,481,043
General government	13,862,324	10,022,944	9,146,234	9,620,991	9,426,637
Debt service	9,471,774	12,631,833	12,147,426	11,777,883	11,006,109
Capital projects	33,015,979	29,890,156	19,216,601	21,197,403	21,149,556
Total	\$ 102,779,450	\$ 95,068,166	85,162,170	84,229,327	81,737,417

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Accrual Basis			
2006	2005	2004	2003
28,381,903	26,346,058	24,963,919	23,656,726
1,230,247	902,756	794,607	970,564
11,413,261	12,687,008	12,023,106	10,537,000
1,051,748	1,176,222	982,507	898,554
1,624,075	818,897	388,327	743,139
12,479,002	12,739,275	12,374,149	12,591,692
3,818,793	3,284,574	3,145,863	3,352,793
111,622	1,034	1,374	1,789
11,684,492	6,591,318	4,401,510	10,421,653
71,795,143	64,547,142	59,075,362	63,173,910
23,582,483	22,882,165	21,331,574	20,553,454
8,313,984	9,706,538	10,796,327	7,063,654
508,110	1,196,578	1,429,313	1,212,027
5,219,482	4,602,801	4,629,009	5,541,315
22,419,715	5,027,689	2,914,913	2,732,121
5,298,251	4,967,337	5,375,981	4,323,001
9,834,396	15,304,432	7,889,109	10,535,859
18,272,003	12,150,551	8,498,096	20,248,881
93,448,424	75,838,091	62,864,322	72,210,312

**City of Council Bluffs**

# STATISTICAL SECTION



City of Council Bluffs

Statistical Section

Table of Contents

This part of the City of Council Bluffs' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal 2003. Therefore, schedules presenting government-wide information generally include information beginning in that year.

City of Council Bluffs

Net Assets by Component  
For the Last Nine Fiscal Years  
(Accrual Basis of Accounting)

	<b>Fiscal</b>			
	<b>2003*</b>	<b>2004*</b>	<b>2005**</b>	<b>2006</b>
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$ 62,629,175	132,289,727	139,458,058	159,110,952
Restricted	11,920,411	12,108,559	12,231,403	12,939,617
Unrestricted	5,408,613	6,020,750	6,383,483	3,175,451
Total governmental activities net assets	<u>\$ 79,958,199</u>	<u>150,419,036</u>	<u>158,072,944</u>	<u>175,226,020</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 59,608,846	72,636,253	75,903,874	88,862,559
Unrestricted	5,476,619	4,590,413	4,259,157	5,325,013
Total business-type activities net assets	<u>\$ 65,085,465</u>	<u>77,226,666</u>	<u>80,163,031</u>	<u>94,187,572</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 122,238,021	204,925,980	215,361,932	247,973,511
Restricted	11,920,411	12,108,559	12,231,403	12,939,617
Unrestricted	10,885,232	10,611,163	10,642,640	8,500,464
Total primary government net assets	<u>\$ 145,043,664</u>	<u>227,645,702</u>	<u>238,235,975</u>	<u>269,413,592</u>

Note:

During fiscal year 2003, the City implemented Governmental Accounting Standards Board Statement (GASB) No. 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments and Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments: Omnibus.

\* Fiscal year 2003 and 2004 amounts reported include a prior period adjustment made in 2004 and 2005, respectively, to correct the valuation of and reporting for certain capital assets.

\*\* Fiscal year 2005 amounts reported include prior period adjustments made in 2006 to correct the valuation of and reporting for certain capital assets and debt.

\*\*\* Fiscal year 2009 amounts reported include prior period adjustments made in 2010 to reflect the effect of implementation of GASB Statement No. 51 for intangible assets and to reclassify local option sales tax activity.



**Year**

<b>2007</b>	<b>2008</b>	<b>2009***</b>	<b>2010</b>	<b>2011</b>
173,378,490	191,101,228	212,224,136	219,535,725	231,096,351
17,765,773	18,082,904	21,301,756	23,003,392	30,061,361
758,509	(4,506,740)	(4,916,787)	(263,805)	(10,787,191)
<u>191,902,772</u>	<u>204,677,392</u>	<u>228,609,105</u>	<u>242,275,312</u>	<u>250,370,521</u>
99,533,684	101,199,118	107,488,837	118,755,228	128,435,537
4,146,969	6,804,540	9,469,103	5,261,436	2,448,896
<u>103,680,653</u>	<u>108,003,658</u>	<u>116,957,940</u>	<u>124,016,664</u>	<u>130,884,433</u>
272,912,174	292,300,346	319,712,973	338,290,953	359,531,888
17,765,773	18,082,904	21,301,756	23,003,392	30,061,361
4,905,478	2,297,800	4,552,316	4,997,631	(8,338,295)
<u>295,583,425</u>	<u>312,681,050</u>	<u>345,567,045</u>	<u>366,291,976</u>	<u>381,254,954</u>

City of Council Bluffs

Changes in Net Assets  
For the Last Nine Fiscal Years  
(Accrual Basis of Accounting)

	<b>Fiscal</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Expenses</b>					
Governmental activities:					
Public safety	\$ 21,542,479	21,798,898	22,792,665	23,367,537	24,790,690
Public works	11,953,260	10,280,196	11,435,866	12,179,474	9,946,764
Health and social services	1,270,429	1,068,002	1,195,682	497,478	471,757
Culture and recreation	4,695,620	3,860,420	7,152,050	6,407,003	6,718,057
Community and economic development	3,883,871	2,596,923	5,894,143	14,411,811	5,907,016
General government	4,474,883	3,324,701	6,200,773	6,346,367	10,385,104
Non-program	1,821,664	-	-	-	-
Interest on long term debt	2,738,539	2,539,452	2,498,456	2,857,508	3,061,451
Total governmental activities expenses	52,380,745	45,468,592	57,169,635	66,067,178	61,280,839
Business-type activities:					
Sewer system and sewage disposal	6,166,516	5,568,417	6,013,604	6,608,528	7,019,179
Refuse and disposal	2,751,388	3,107,329	3,287,588	3,329,798	3,481,343
Other	-	-	-	-	-
Total business type activities expenses	8,917,904	8,675,746	9,301,192	9,938,326	10,500,522
Total primary government expenses	\$ 61,298,649	54,144,338	66,470,827	76,005,504	71,781,361
<b>Program revenues</b>					
Governmental activities:					
Charges for service:					
Public safety	\$ 2,294,545	2,384,158	2,442,490	3,432,067	3,520,866
Public works	67,378	538,464	766,126	439,964	661,459
Health and social services	175,742	213,718	174,939	21,127	36,552
Culture and recreation	1,439,489	1,270,990	1,371,588	1,412,165	1,309,207
Community and economic development	149,154	149,325	231,229	421,634	1,148,270
General government	3,046,015	2,690,449	2,535,926	2,149,103	3,492,144
Interest on long term debt	-	-	85,327	-	-
Operating grants and contributions	8,639,826	8,383,880	9,049,800	11,882,076	10,062,512
Capital grants and contributions	10,625,719	72,109,552	8,119,602	31,289,080	16,089,488
Total governmental activities program revenues	26,437,868	87,740,536	24,777,027	51,047,216	36,320,498
Business type activities:					
Charges for service:					
Sanitary sewer	5,042,309	4,811,661	5,021,719	5,447,587	5,415,260
Refuse and disposal	2,470,443	2,893,281	3,287,687	3,296,649	3,458,983
Other	-	-	-	-	-
Operating grants and contributions	83,443	65,089	219,770	163,922	80,102
Capital grants and contributions	1,370,816	3,430,090	661,474	4,318,634	2,547,231
Total business type activities program revenues	8,967,011	11,200,121	9,190,650	13,226,792	11,501,576
Total primary government program revenues	\$ 35,404,879	98,940,657	33,967,677	64,274,008	47,822,074
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (25,942,877)	42,271,944	(32,392,608)	(15,019,962)	(24,960,341)
Business type activities	49,107	2,524,375	(110,542)	3,288,466	1,001,054
Total primary government net expense	\$ (25,893,770)	44,796,319	(32,503,150)	(11,731,496)	(23,959,287)

Data for fiscal year 2002 is not presented as it was not readily available.

Year			
2008	2009	2010	2011
23,825,855	25,796,311	26,540,090	28,501,970
13,486,989	11,071,569	11,298,900	12,492,324
561,859	563,295	550,421	573,385
7,748,286	9,504,036	8,348,868	11,915,556
7,531,592	7,514,563	6,801,616	7,816,996
10,914,762	10,555,074	10,959,589	14,435,524
-	-	-	-
3,110,714	2,611,834	2,158,068	2,119,475
67,180,057	67,616,682	66,657,552	77,855,230
7,220,114	8,560,437	7,231,802	8,325,469
3,742,452	4,386,055	4,518,258	4,652,239
-	2,500	67,195	-
10,962,566	12,948,992	11,817,255	12,977,708
78,142,623	80,565,674	78,474,807	90,832,938
3,586,990	3,059,464	4,320,041	3,783,890
726,469	927,074	467,447	432,461
154,897	51,734	106,412	75,729
1,324,002	1,467,869	1,525,874	1,366,821
852,390	853,071	797,523	816,575
3,616,649	3,448,875	3,575,089	2,888,110
-	-	108,432	-
11,214,539	11,473,259	10,296,448	12,021,377
9,544,137	22,074,207	10,812,521	10,968,177
31,020,073	43,355,553	32,009,787	32,353,140
5,505,772	5,292,190	5,452,663	5,290,548
3,590,140	4,595,669	4,654,118	5,211,310
-	28,216	41,479	-
144,871	369,002	247,134	33,257
-	2,732,966	-	369,760
9,240,783	13,018,043	10,395,394	10,904,875
40,260,856	56,373,596	42,405,181	43,258,015
(36,159,984)	(24,261,129)	(34,647,765)	(45,502,090)
(1,721,783)	69,051	(1,421,861)	(2,072,833)
(37,881,767)	(24,192,078)	(36,069,626)	(47,574,923)

City of Council Bluffs

Changes in Net Assets  
For the Last Nine Fiscal Years  
(Accrual Basis of Accounting)  
(continued)

	2003*	2004*	2005**	2006	2007
<b>General revenue and other changes in net assets</b>					
Governmental activities:					
Property tax levied for general purposes	\$ 20,302,008	19,663,475	21,105,126	22,497,883	24,034,452
Property tax levied for debt service	5,519,582	5,797,342	5,698,312	5,783,551	6,220,880
Tax increment financing	970,564	794,607	902,756	1,230,247	1,384,337
Local option sales tax	1,846,132	2,815,048	2,909,653	1,435,178	2,032,485
Other city tax	6,668,979	8,716,980	9,305,109	9,978,083	9,661,386
Unrestricted investment earnings	299,715	198,245	478,686	796,565	1,256,656
Miscellaneous	1,269,815	1,963,644	1,847,941	869,830	114,552
Gain on disposition of capital assets	511,229	-	-	-	105,709
Transfers	(474,732)	(2,081,606)	3,089,805	(1,777,675)	(3,173,334)
Total governmental activities	36,913,292	37,867,735	45,337,388	40,813,662	41,637,123
Business type activities:					
Local option sales tax	4,387,397	3,711,052	4,116,833	6,810,075	5,252,871
Unrestricted investment earnings	-	-	-	-	32,822
Miscellaneous	891,722	627,339	194,729	-	33,000
Gain (loss) on sale of assets	-	(810,216)	-	1,226	-
Transfers	474,732	2,081,606	(3,089,805)	1,777,675	3,173,334
Total business type activities	5,753,851	5,609,781	1,221,757	8,588,976	8,492,027
Total primary government	\$ 42,667,143	43,477,516	46,559,145	49,402,638	50,129,150
<b>Changes in Net Assets</b>					
Governmental activities	\$ 10,970,415	80,139,679	12,944,780	25,793,700	16,676,782
Business type activities	5,802,958	8,134,156	1,111,215	11,877,442	9,493,081
Total primary government	\$ 16,773,373	88,273,835	14,055,995	37,671,142	26,169,863

Note:

During fiscal year 2003, the City implemented Governmental Accounting Standards Board Statement (GASB) No. 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments and Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments: Omnibus.

\* Fiscal year 2003 and 2004 amounts reported include a prior period adjustment made in 2004 and 2005, respectively, to correct the valuation of and reporting for certain capital assets.

\*\* Fiscal year 2005 amounts reported include prior period adjustments made in 2006 to correct the valuation of and reporting for certain capital assets and debt.

\*\*\* Fiscal year 2009 amounts reported include prior period adjustments made in 2010 to reflect the effect of implementation of GASB Statement No. 51 for intangible assets and to reclassify local option sales tax activity.

2008	2009***	2010	2011
25,273,906	26,464,281	29,870,765	30,867,270
6,584,767	6,804,838	7,210,156	7,006,599
3,548,580	4,983,734	3,223,820	6,058,673
3,814,009	3,540,379	7,024,557	8,589,061
9,537,314	9,637,154	8,722,784	9,482,911
771,465	733,812	341,243	279,466
58,645	132,778	91,724	116,206
26,093	-	-	-
(680,175)	(4,104,134)	(11,320,521)	(8,802,887)
48,934,604	48,192,842	45,164,528	53,597,299
3,492,325	4,646,303	-	-
66,324	49,787	1,423	180
133,170	82,562	85,790	10,397
1,672,794	2,445	-	127,138
680,175	4,104,134	11,320,521	8,802,887
6,044,788	8,885,231	11,407,734	8,940,602
54,979,392	57,078,073	56,572,262	62,537,901
12,774,620	23,931,713	10,516,763	8,095,209
4,323,005	8,954,282	9,985,873	6,867,769
17,097,625	32,885,995	20,502,636	14,962,978

City of Council Bluffs

Fund Balances of Governmental Funds  
For the Last Nine Fiscal Years  
(Modified Accrual Basis of Accounting)

					<b>Fiscal</b>
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>General fund</b>					
Unreserved	\$ 4,709,039	453,426	1,816,004	2,216,550	2,561,128
Reserved	420,844	4,497,598	3,712,845	5,508,843	7,553,502
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 5,129,883</u>	<u>4,951,024</u>	<u>5,528,849</u>	<u>7,725,393</u>	<u>10,114,630</u>
<b>All other government funds</b>					
Reserved	\$ 3,012,170	3,394,573	2,056,696	1,857,415	13,790,062
Unreserved, reported in:					
Special revenue funds	8,033,558	5,738,200	5,708,205	6,951,890	7,325,141
Debt service funds	-	-	-	-	-
Capital project funds	7,560,217	6,893,818	10,212,432	9,122,810	2,775,806
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other government funds	<u>\$ 18,605,945</u>	<u>16,026,591</u>	<u>17,977,333</u>	<u>17,932,115</u>	<u>23,891,009</u>

Data from fiscal year 2002 is not presented as it was not readily available.

<b>Year</b>			
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
2,536,773	2,543,090	2,727,002	-
8,538,408	7,710,769	12,639,788	-
-	-	-	2,814,123
-	-	-	7,125,557
-	-	-	10,859,733
11,075,181	10,253,859	15,366,790	20,799,413
17,843,931	13,998,654	6,662,488	-
11,734,490	15,814,057	17,211,816	-
-	-	(271,325)	-
665,266	1,640,977	(3,673,134)	-
-	-	-	1,189,228
-	-	-	23,406,432
-	-	-	(8,275,436)
30,243,687	31,453,688	19,929,845	16,320,224

City of Council Bluffs

Changes in Fund Balances of Governmental Funds  
For the Last Nine Fiscal Years  
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007
Revenues:					
Property tax	\$ 23,656,726	24,963,919	26,346,058	28,381,903	30,233,157
Tax increment financing	970,564	794,607	902,756	1,230,247	1,384,337
Other taxes	10,537,000	12,023,106	12,687,008	11,413,261	11,720,071
Licenses and permits	1,080,268	982,507	1,176,222	1,051,748	3,510,264
Use of money and property	559,049	388,327	818,897	1,624,075	2,073,470
Intergovernmental	6,509,600	12,374,149	12,739,275	12,479,002	12,020,294
Charges for service	3,352,793	3,145,863	3,284,574	3,819,763	3,317,768
Special and drainage assessments	6,086,257	1,374	1,034	111,622	203,542
Miscellaneous	10,421,653	4,401,510	6,591,318	11,684,092	10,863,550
Total revenue	63,173,910	59,075,362	64,547,142	71,795,713	75,326,453
Expenditures:					
Current:					
Public safety	20,553,454	21,331,574	22,882,165	23,582,483	24,010,444
Public works	7,063,654	10,796,327	9,706,538	8,313,984	6,826,252
Health and social services	1,212,027	1,429,313	1,196,578	508,110	488,102
Culture and recreation	5,541,315	4,629,009	4,602,801	5,219,482	5,349,274
Community and economic development	2,732,121	2,914,913	5,027,689	22,419,715	3,481,043
General government	4,618,980	5,375,981	4,967,337	5,298,251	9,426,637
Debt service					
Principal	7,823,264	5,345,875	12,802,500	6,955,077	7,793,266
Interest and fees	2,676,168	2,497,401	2,450,482	2,814,874	3,199,372
Debt related expense	36,427	45,833	51,450	64,445	13,471
Capital projects	20,248,881	8,498,096	12,150,551	18,272,003	21,149,556
Total expenditures	72,506,291	62,864,322	75,838,091	93,448,424	81,737,417
Excess (deficit) of revenue over (under) expenditures	(9,332,381)	(3,788,960)	(11,290,949)	(21,652,711)	(6,410,964)
Other financing sources (uses)					
General obligation bonds issued	5,620,000	4,500,000	10,655,000	8,220,000	11,115,000
Premium (discount) on general obligation bonds/notes issued	(28,006)	-	-	46,214	139,475
Urban renewal note issued	-	-	-	17,000,000	-
HUD loan proceeds	-	-	-	-	-
Sale of capital assets	731,180	-	26,826	-	197,372
Capital lease purchase agreement	-	-	83,936	-	107,353
General obligation bonds/notes refunded	-	-	-	(3,825,000)	-
Urban renewal revenue note redeemed	-	-	-	-	-
Operating transfers in	13,882,565	12,161,797	20,632,796	15,510,709	18,125,900
Operating transfers out	(14,357,297)	(14,243,403)	(17,579,042)	(13,147,886)	(14,926,005)
Total other financing sources (uses)	5,848,442	2,418,394	13,819,516	23,804,037	14,759,095
Net change in fund balances	\$ (3,483,939)	(1,370,566)	2,528,567	2,151,326	8,348,131
Debt service as a percentage of noncapital expenditures	20.2%	14.5%	24.0%	13.1%	18.2%

Data for fiscal year 2002 is not presented as it was not readily available.



2008	2009	2010	2011
31,830,399	33,308,384	37,103,962	37,867,393
3,548,580	4,983,734	3,222,809	6,059,684
13,325,303	13,203,713	15,726,929	17,937,503
3,455,394	3,345,559	3,199,381	3,289,876
1,795,827	1,422,391	968,615	922,602
16,273,844	10,693,866	13,332,409	20,417,261
3,298,632	3,827,025	3,543,339	3,561,999
210,925	220,241	341,278	161,225
7,756,828	6,319,096	7,399,559	6,059,423
81,495,732	77,324,009	\$ 84,838,281	96,276,966
24,185,898	24,800,095	25,267,311	27,054,108
7,113,721	6,974,369	6,354,312	7,116,807
503,210	515,800	524,986	544,420
5,685,981	7,180,312	6,029,643	6,188,577
4,144,240	5,181,333	4,346,981	5,525,461
9,620,991	9,146,234	10,022,944	13,862,324
8,587,544	9,518,793	10,374,393	7,354,755
3,185,539	2,604,476	2,171,805	2,077,776
4,800	24,157	85,635	39,243
21,197,403	19,216,601	29,890,156	33,015,979
84,229,327	85,162,170	\$ 95,068,166	102,779,450
(2,733,595)	(7,838,161)	(10,229,885)	(6,502,484)
7,615,000	9,600,000	3,685,000	7,300,000
51,081	16,484	60,965	(5,981)
-	-	-	14,500,000
750,000	-	-	-
30,505	-	-	-
154,651	120,302	-	-
-	(2,400,000)	(3,700,000)	-
-	-	-	(14,326,210)
15,721,160	18,290,724	15,429,490	9,870,682
(14,275,573)	(17,400,670)	(14,583,631)	(9,012,905)
10,046,824	8,226,840	891,824	8,325,586
7,313,229	388,679	(9,338,061)	1,823,102
18.7%	18.4%	19.4%	13.6%

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City of Council Bluffs

Governmental Activities Tax Revenues By Source  
For the Last Nine Fiscal Years  
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Tax Increment Financing	Local Option Sales Tax *	Hotel Motel Tax	Utility Excise Tax
2003	\$ 25,821,590	970,564	1,846,132	1,666,680	2,203,934
2004	25,460,817	794,607	2,815,048	1,761,773	2,358,870
2005	26,803,438	902,756	2,909,653	1,719,166	2,406,477
2006	28,281,434	1,230,247	1,435,178	2,062,865	2,421,693
2007	30,255,332	1,384,337	2,032,485	2,151,729	2,471,168
2008	31,858,673	3,548,580	3,814,009	2,328,532	2,464,338
2009	33,269,119	4,983,734	3,540,379	2,263,735	3,195,266
2010	37,080,921	3,223,820	7,024,557	2,200,766	3,324,177
2011	37,867,393	6,059,684	8,589,061	2,269,329	3,312,717

\* For fiscal year 2003 through 2009, local option sales tax was also recorded in business type activities as follows:

2003	\$4,387,397
2004	3,711,052
2005	4,116,823
2006	6,810,075
2007	5,252,871
2008	3,492,325
2009	4,646,303

Data for fiscal year 2002 is not presented as it was not readily available.

Gaming Wager Tax	Pari-mutual Wager Tax	Total
4,362,144	130,998	37,002,042
4,492,079	110,606	37,793,800
4,879,035	99,601	39,720,126
4,988,435	92,940	40,512,792
4,798,056	94,659	43,187,766
4,469,440	96,715	48,580,287
4,199,317	72,282	51,523,832
3,821,147	35,784	56,711,172
3,670,039	96,357	61,864,580

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City of Council Bluffs

Assessed and Taxable Value of Property  
For the Last Seven Years

Assessment Date January 1,	Fiscal Year Ended June 30,	Residential	Commercial	Industrial	Railroad	Utilities
2003	2005	\$ 786,088,517	622,874,994	51,499,111	8,612,751	159,649,972
2004	2006	800,066,529	654,452,660	59,163,624	8,393,411	152,120,543
2005	2007	883,692,741	681,038,782	60,908,099	8,859,788	161,545,986
2006	2008	902,567,325	739,712,781	73,775,680	9,490,593	160,006,662
2007	2009	964,845,911	797,512,384	68,967,195	9,669,920	206,000,005
2008	2010	1,016,787,600	867,778,937	71,527,804	9,399,923	208,337,629
2009	2011	1,060,708,225	950,095,341	76,353,646	10,207,007	201,973,040

Source: Pottawattamie County Assessor and City of Council Bluffs budget.

Does not include tax-exempt property.

Data for fiscal years 2002 through 2004 is not presented as it was not readily available.

\* Tax rates are per \$1,000 of taxable valuation

City of Council Bluffs  
Assessed and Taxable Value of Property  
For the Last Seven Years

<u>Less Military Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate *</u>	<u>Total Assessed Value</u>	<u>Total Taxable Value as % of Assessed Value</u>
(7,084,826)	1,621,640,519	\$ 17.7667	2,495,372,974	65.0%
(6,909,812)	1,667,286,955	18.3940	2,590,461,986	64.4%
(6,818,421)	1,789,226,975	18.3940	2,893,051,575	61.8%
(6,728,316)	1,878,824,725	18.1900	3,098,829,478	60.6%
(6,619,048)	2,040,376,367	18.0879	4,428,776,147	46.1%
(6,493,110)	2,167,338,783	17.9732	4,142,695,793	52.3%
(6,399,584)	2,292,937,675	17.8511	4,367,552,702	52.5%

City of Council Bluffs  
Property Tax Rates  
Direct and Overlapping Governments  
For the Last Six Fiscal Years

Fiscal Year ended	City of Council Bluffs, Iowa			Overlapping Pottawattamie County, Iowa		
	Operating Levy Rate *	Debt Service Levy Rate *	Total City Levy Rate *	Operating Levy Rate *	Debt Service Levy Rate *	Total County Levy Rate *
2006	\$ 14.7140	3.6800	18.3940	6.7036	0.4234	7.1270
2007	14.6140	3.6800	18.2940	6.6192	0.3854	7.0046
2008	14.5900	3.6000	18.1900	6.5521	0.3653	6.9173
2009	14.5879	3.5000	18.0879	6.4546	0.5352	6.9898
2010	14.5120	3.4612	17.9732	6.4472	0.8319	7.2791
2011	14.7430	3.1081	17.8511	6.4621	0.9279	7.3900

Year Over Year Change in Levy Rate	City of Council Bluffs	Pottawattamie County	Council Bluffs Community Schools
2006	3.5%	3.1%	4.2%
2007	-0.5%	-1.7%	4.6%
2008	-0.6%	-1.2%	0.9%
2009	-0.6%	1.0%	0.7%
2010	-0.6%	4.1%	0.0%
2011	-0.7%	1.5%	10.6%

Source: City of Council Bluffs tax rates from the Iowa Department of Management tax levy certification reports;  
County Auditor tax levy reports; Pottawattamie County - other overlapping jurisdictions.  
Data for fiscal years 2002 through 2005 is not presented as it was not readily available.  
\* Per \$1,000 of taxable valuation

Rates

Council Bluffs Community School District

Operating Levy Rate *	Debt Service Levy Rate *	Total (CB) School Levy Rate *	Iowa Western Comm. College and other levies *	Total Direct & Overlapping Levy Rates *
15.0700	0.7400	15.8100	1.1929	42.5239
15.8600	0.6700	16.5300	1.0644	42.8930
16.0449	0.6320	16.6770	1.3002	43.0845
16.1872	0.6135	16.8007	1.2064	43.0848
16.1500	0.6503	16.8003	1.2705	43.3231
18.0591	0.5273	18.5864	1.1381	44.9656

All Other  
Levies

Total Tax  
Levy

4.5%	3.7%
-10.8%	0.9%
22.2%	0.4%
-7.2%	0.0%
5.3%	0.6%
-10.4%	3.8%

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City of Council Bluffs

Principal Area Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2011		
	Assessed Value 01/01/2009	Rank	% of Total Assessed Value
Mid American Energy	\$ 149,859,212	1	3.44%
HBR Reality Company, Inc.	93,970,570	2	2.16%
Ameristar Casino	66,975,000	3	1.54%
Harveys Iowa Management Company	54,088,000	4	1.24%
Bass Pro Shops	29,474,500	5	0.68%
Mall of the Bluffs	24,000,000	6	0.55%
KIMCO Metro Crossing	20,225,044	7	0.46%
Blue Star Foods Inc.	16,918,375	8	0.39%
Tetra LLC	14,792,406	9	0.34%
Black Hills Corporation	13,436,803	10	0.31%
QWEST Communications	-	-	-
Walmart	-	-	-
Griffin Pipe	-	-	-

Source of 2011 data: Series 2011A Official Statement dated September 15, 2011.

Source of 2002 data: Series 2004 - Official Statement dated February 13, 2004,  
adjusted for subsequent business combinations.



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2002		
Assessed Value 01/01/2010	Rank	% of Total Assessed Value
\$ 114,799,788	1	5.08%
24,814,250	5	1.10%
62,780,053	2	2.78%
51,914,886	3	2.30%
-	-	-
37,986,802	4	1.68%
-	-	-
8,512,765	8	0.38%
-	-	-
15,379,495	6	0.68%
8,871,130	7	0.39%
8,124,007	9	0.36%
8,000,000	10	0.35%

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City of Council Bluffs  
Property Tax Levies and Collections  
For the Last Six Fiscal Years

Assessment Date of January 1,	Fiscal Year Ended	Total Tax Levy	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	% Collected - Trailing Three Years
1/1/2004	2006	\$ 30,799,015	\$30,991,154	99.4%	-
1/1/2005	2007	34,698,867	33,003,771	105.1%	-
1/1/2006	2008	34,520,012	34,449,072	100.2%	98.4%
1/1/2007	2009	37,269,468	36,706,855	101.5%	97.8%
1/1/2008	2010	39,362,104	39,641,549	99.3%	99.7%
1/1/2009	2011	41,454,762	41,190,763	100.6%	99.5%

\* Taxable valuations can be found in Schedule 6.

\*\* Tax Levy rates can be found in Schedule 7.

Data for fiscal years 2002 through 2005 is not presented as it was not readily available.

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Year Over Year Change in Levied Taxes	Year Over Year Change In Taxable Valuation *	Year Over Year Change in City Levy Tax Rate **
-	7.3%	-0.5%
12.7%	5.0%	-0.6%
-0.5%	8.6%	-0.6%
8.0%	6.2%	-0.6%
5.6%	5.8%	-0.7%
5.3%	3.3%	-

City of Council Bluffs

Ratios of Outstanding Debt by Type  
For the Last Ten Fiscal Years

Fiscal year ended June 30,	Governmental Activities			Business Type Activities		
	General Obligation Bonds/Notes	Capital Leases	Other Debt	General Obligation Bonds/Notes	Capital Leases	Other Debt
2002	\$ 57,448,764	-	-	3,665,625	-	-
2003	55,245,500	-	-	2,619,500	-	-
2004	54,399,625	-	-	1,995,375	-	-
2005	52,252,125	81,737	-	5,347,861	-	-
2006	53,693,172	67,844	16,757,423	1,216,828	-	-
2007	58,050,000	130,682	16,255,029	480,000	135,422	-
2008	57,605,000	212,441	16,477,485	230,000	69,383	-
2009	55,845,000	253,834	15,903,692	-	-	104,000
2010	46,045,000	136,947	15,299,299	-	-	84,500
2011	46,485,000	60,305	14,963,334	-	-	52,000

Note: Details Regarding the City's outstanding debt can be found in the notes to financial statements.

\* Personal income and population data can be found in Schedule 15, Demographic and Economic Statistics. These rates are calculated using personal income and population for the prior calendar year.

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Total Primary Government	Percentage of Personal Income*	Per Capita*	Per Capita Income*
61,114,389	3.14%	\$ 1,049	\$ 34,304
57,865,000	2.88%	987	35,252
56,395,000	2.73%	961	36,956
57,681,723	2.66%	983	38,614
71,735,267	3.08%	1,190	40,476
75,051,133	3.08%	1,245	42,231
74,594,309	2.93%	1,238	43,695
72,106,526	2.73%	1,196	42,645
61,565,746	2.32%	989	42,615
61,560,639	2.32%	989	-

**Schedule 11**

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## City of Council Bluffs

Ratios of General Bonded Debt Outstanding  
For the Last Ten Fiscal Years

Fiscal year ended June 30,	General Obligation Bonds/Notes	Total Taxable Assessed Value	Bonded Debt as % of Assessed Value	Bonded Debt per Capita	Population*
2002	\$ 61,114,389	1,497,694,578	4.08%	\$ 1,049	58,268
2003	57,865,000	1,580,416,049	3.66%	987	58,656
2004	56,395,000	1,630,298,385	3.46%	961	58,656
2005	57,599,986	1,621,640,519	3.55%	982	58,656
2006	54,910,000	1,667,286,955	3.29%	911	60,271
2007	58,530,000	1,789,226,975	3.27%	971	60,271
2008	57,835,000	1,878,824,725	3.08%	960	60,271
2009	55,845,000	2,040,376,367	2.74%	927	60,271
2010	46,045,000	2,167,338,783	2.12%	740	62,230
2011	46,485,000	2,292,937,675	2.03%	747	62,230

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* Population can be found Schedule 15, Demographic and Economic Statistics.

## City of Council Bluffs

Direct and Overlapping Governmental Activities Debt  
As of June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Council Bluffs direct debt	<u>\$ 61,508,639</u>	100.00%	<u>\$ 61,508,639</u>
Overlapping:			
Pottawattamie County	22,110,000	57.9%	12,810,534
Council Bluffs Community Schools	72,055,000	85.5%	61,628,642
Lewis Central Community Schools	17,265,000	70.6%	12,192,543
Iowa Western Community College	<u>75,675,000</u>	30.5%	<u>23,111,145</u>
Subtotal, overlapping debt	<u>187,105,000</u>		<u>109,742,864</u>
Total direct and overlapping debt	<u><u>\$ 248,613,639</u></u>		<u><u>\$ 171,251,503</u></u>

Source: Pottawattamie's County Auditor

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Council Bluffs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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City of Council Bluffs

Legal Debt Margin Information  
For the Last Eight Fiscal Years

	2004	2005	2006
Debt Limit	121,683,216	124,716,529	144,993,532
Total net debt applicable to limit	54,415,831	71,320,699	70,458,303
Legal debt margin	67,267,385	53,395,830	74,535,229
Total net debt applicable to the limit as a percentage of debt limit	46.3%	57.2%	48.4%

Data for fiscal years 2002 and 2003 is not presented as it was not readily available.

Note: Under the State of Iowa Constitution, the City's outstanding general obligation debt shall not exceed 5% of total assessed property value.



2007	2008	2009	2010	2011
145,211,956	155,492,130	221,438,807	207,134,790	218,891,681
87,135,300	83,165,450	79,259,422	70,592,959	81,298,412
58,076,656	72,326,680	142,179,385	136,541,831	137,593,269
60.0%	52.9%	35.7%	33.1%	37.0%

## Legal Debt Margin Calculation for Fiscal Year 2011

Actual Assessed valuation as of January 1, 2009	\$ 4,377,833,626
Debt Limit - 5% of assessed valuation	218,891,681
Debt applicable to debt limit:	
General obligation bonds/notes	46,485,000
Capital lease purchase agreement	60,305
Tax increment indebtedness	34,496,993
Balance in Debt Service Fund	(959,566)
Tax increment Financing Fund balance (deficit)	1,215,680
Total net debt applicable to limit	81,298,412
Legal Debt margin	\$ 137,593,269

**City of Council Bluffs**

## City of Council Bluffs

Urban Renewal Capital Loan and Term Loan Note Coverage  
For the Last Six Fiscal Years

Fiscal Year	Gross Revenue	Less: Applicable Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
2006	\$ 1,173,054	86,925	1,086,129	731,664	1.4845
2007	1,623,064	3,500	1,619,564	1,571,427	1.0306
2008	2,861,987	1,081,614	1,780,373	1,411,988	1.2609
2009	1,620,683	1,119,837	500,846	986,089	0.5079
2010	1,972,371	1,129,035	843,336	799,602	1.0547
2011	2,111,943	1,417,089	694,854	730,960	0.9506

Note: Details regarding the City's outstanding urban renewal capital loan and term loan note debt can be found in the notes to the financial statements, Note 4. Gross revenue includes both operating and non-operating revenue and transfers from the City of Council Bluffs. Operating expenses do not include interest expense, depreciation or amortization of bond issue costs.

The City had no debt prior to fiscal year 2006 for which there were pledged revenues.

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City of Council Bluffs

Demographic and Economic Statistics  
For the Last Ten Calendar Years

Year	Population	Per Capita Personal Income	Personal Income	Median Age	Unemployment Rate	Council Bluffs School Enrollment
2001	58,268	\$ 33,376	\$ 1,944,752,768	34.6	3.3%	9,984
2002	58,656	34,304	2,012,135,424	34.6	3.8%	9,957
2003	58,656	35,252	2,067,741,312	34.6	4.3%	9,889
2004	58,656	36,956	2,167,691,136	34.6	4.4%	9,820
2005	60,271	38,614	2,327,304,394	35.6	4.4%	9,662
2006	60,271	40,476	2,439,528,996	35.6	3.4%	9,478
2007	60,271	42,231	2,545,304,601	35.6	3.3%	9,407
2008	60,271	43,695	2,633,541,345	35.6	3.6%	9,296
2009	62,230	42,645	2,653,798,350	35.6	5.1%	9,212
2010	62,230	42,615	2,651,931,450	35.9	5.2%	9,207

Sources:

School Enrollment Data: Certified Enrollment "Row 7" per Iowa Department of Education ([educateiowa.gov](http://educateiowa.gov))

Population Data: 2010 data from United States Census Bureau - ([quickfacts.census.gov](http://quickfacts.census.gov))

Population Data: 2001 to 2009 data from United States Census Bureau - (Quicklinks - Population Estimates ([quickfacts.census.gov](http://quickfacts.census.gov)))

Personal Income Data: Per capita for Omaha - Council Bluffs Metropolitan Area - Saint Louis Federal Reserve Bank Economic Research ([research.stlouisfed.org](http://research.stlouisfed.org))

Unemployment Rate Data: Omaha - Council Bluffs Metropolitan Area - Saint Louis Federal Reserve Bank Economic Research ([research.stlouisfed.org](http://research.stlouisfed.org))

<u>Lewis Central School Enrollment</u>	<u>Combined School Enrollment</u>
2,559	12,543
2,564	12,521
2,497	12,386
2,465	12,285
2,479	12,141
2,560	12,038
2,499	11,906
2,559	11,855
2,582	11,794
2,586	11,793

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City of Council Bluffs  
Principal Area Employers  
Current Year and Nine Years Ago

Employer	2011		
	Employees	Rank	% of Total City Employment (1)
Horseshoe Casino and Harrah's Casino	1,610	1	4.6%
Iowa Western Community College	1,424	2	4.1%
Council Bluffs Community Schools	1,182	3	3.4%
Ameristar Casino and Hotel	930	4	2.7%
Conagra Frozen Foods	900	5	2.6%
Tyson Foods	769	6	2.2%
Jennie Edmundson Memorial Hospital	710	7	2.0%
Walmart	525	8	1.5%
City of Council Bluffs	486	9	1.4%
Pottawattamie County	458	10	1.3%
Griffin Pipe Products	310	11	0.9%
Harrah's Casino	-	-	-
Alegent Health/Mercy Hospital	-	-	-
Acceptance Insurance	-	-	-
Hy-vee Food Stores	-	-	-
Omaha Standard	-	-	-

(1) Based on "willing to work" total of 34,875 per the Iowa Department of Workforce Development, July 2010.

(2) Based on "willint to work" total of 32,900, adjusted from 2010 levels corresponding to change in total employment.

Source of 2011 data: Series 2011A Official Statement dated September 15, 2011

Source of 2002 data: Series 2004 - Official Statement dated February 13, 2004, adjusted for subsequent business combinations.

2002		
Employees	Rank	% of Total City Employment (2)
1,145	3	3.5%
-	-	
-	-	
1,239	1	3.8%
800	6	2.4%
350	9	1.1%
876	4	2.7%
-	-	
-	-	
-	-	
333	11	1.0%
1,200	2	3.6%
867	5	2.6%
520	7	1.6%
410	8	1.2%
350	10	1.1%

**City of Council Bluffs**



City of Council Bluffs  
Full Time Equivalent City Government Employees  
by Function/Program

For the Last Six Years

<b>Function/Program</b>	2006	2007	2008	2009	2010	2011
Public Safety						
Police	129.9	130.4	132.9	137.9	137.9	137.9
Fire	103.0	100.0	100.0	100.0	100.0	100.0
Animal Control	6.1	5.8	6.0	5.8	6.5	6.5
Building Inspections	8.0	8.0	8.0	8.0	7.0	7.0
Public Works	66.0	62.5	55.7	65.7	66.0	63.2
Health and Social Services	5.7	5.7	5.7	5.7	5.7	5.7
Culture and Recreation						
Library	23.2	23.7	26.1	23.0	25.0	25.0
Parks and Recreation	26.0	26.0	22.7	23.7	23.7	24.0
Community and Economic Development	10.5	10.5	10.5	9.5	10.5	10.5
General Government						
Mayor's Office	2.0	2.0	2.0	2.0	2.0	2.0
City Clerk, Finance and Treasurer	19.7	22.2	19.6	20.6	20.0	20.0
City Attorney	6.6	6.6	6.6	7.6	7.6	7.0
Human Resources	2.8	2.8	2.8	3.0	3.0	2.0
Building Maintenance	5.0	5.0	5.0	5.0	5.0	5.0
Business Type Activity						
Sewer Operations	54.0	54.5	51.8	52.3	52.8	56.2
Sanitation and Recycling	12.4	12.2	12.1	12.4	13.4	13.0
Total Full Time Equivalents	480.8	477.8	467.3	481.9	485.9	485.9

Data is based on amounts budgeted annually.

Source: City of Council Bluffs annual budget package.

Data for fiscal years 2002 through 2005 is not presented as it was not readily available.

City of Council Bluffs

Operating Indicators  
by Function/Program

Function/Program	2001	2002	2003	2004	2005
<b>Public Safety</b>					
Police: *					
Traffic accidents	2,148	3,708	4,120	3,784	2,040
Traffic citations	23,409	25,152	17,248	20,448	16,894
Traffic warnings	n/a	3,284	3,037	3,946	3,299
Parking violations	7,761	7,633	6,689	5,513	4,176
Cases	3,256	3,362	2,702	2,724	2,581
Arrests and charges	8,274	4,499	5,304	n/a	6,977
Fire: *					
Fire responses	298	349	340	330	328
Medical responses	3,652	4,064	4,615	4,589	4,666
HazMat responses	214	216	210	192	208
False alarms	423	456	385	395	423
Mutual aid responses	429	237	116	69	62
Other responses	352	418	475	455	380
Total responses	5,368	5,740	6,141	6,030	6,067
Responses per day	14.7	15.7	16.8	16.5	16.6
Fire Department average response time (minutes)	6.25	4.30	4.07	4.49	4.53
Building Inspections: *					
Permits issued	2,833	1,172	874	913	946
Value of permits	104,652,669	131,926,337	86,036,257	84,333,894	163,599,634
<b>Culture and Recreation</b>					
Library: **					
Attendance	-	-	267,018	291,744	238,574
Circulation	-	-	431,003	435,776	445,499
Collection size			155,382	157,340	164,255
Registered borrowers	-	-	44,530	49,213	49,213
Meeting room use by community organizations	-	-	154	357	199
Reference questions			31,879	37,912	40,679
Attendance per day	-	-	732	797	654
Circulation per day	-	-	1,181	1,191	1,221

2006	2007	2008	2009	2010	2011
2,116	2,069	1,542	731	698	
17,431	12,950	12,127	10,095	15,172	
4,237	3,070	3,397	2,318	4,185	
4,868	3,734	2,985	3,147	3,952	
2,274	2,083	1,946	2,211	1,880	
6,805	6,948	6,315	6,470	6,908	
350	296	290	314	267	
4,828	5,168	5,193	5,190	5,222	
176	213	217	198	222	
534	504	554	497	549	
156	119	25	8	30	
490	522	620	641	639	
6,534	6,822	6,899	6,848	6,929	
17.9	18.7	18.8	18.8	19.0	
3.45	4.57	4.54	5.22	5.25	
900	884	2,169	1,532	1,090	
96,202,032	226,675,474	156,972,341	101,518,695	85,753,031	
254,109	268,736	274,364	297,706	414,137	436,136
459,765	470,346	513,918	574,727	600,372	619,326
168,756	168,155	176,278	193,967	194,452	200,241
49,797	50,096	51,295	51,673	51,072	51,840
227	810	952	149	635	430
42,369	48,399	49,355	51,479	52,290	43,555
696	736	750	816	1,135	1,195
1,260	1,289	1,404	1,575	1,645	1,697

City of Council Bluffs

Operating Indicators  
by Function/Program  
(continued)

<b>Parks and recreation participation *</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Golf complex attendance	-	-	-	-	-
Swim pool attendance	-	-	-	-	-
Youth softball teams	-	-	-	-	-
Adult softball teams	-	-	-	-	-
Tournaments conducted	-	-	-	-	-
Youth soccer teams	-	-	-	-	-
Youth football teams	-	-	-	-	-
Bayliss Park concerts	-	-	-	-	-
Bayliss Park movie series	-	-	-	-	-
<b>Zoning Board of Adjustments *</b>					
Regular meetings	10	12	6	7	10
Variance	10	13	7	4	12
Conditional Use Permit	7	5	6	4	7
Conditional Use Permit Revocation	-	-	-	-	-
Administrative Appeal	-	1	-	-	1
Total meetings and cases	27	31	19	15	30
<b>Historic Preservation Commission *</b>					
Regular Meetings	6	7	7	6	4
HP Design Review	4	12	9	6	4
Total meetings and cases	10	19	16	12	8
<b>Administrative Actions *</b>					
Lot Line Adjustments	29	30	38	28	29
Parcel Splits	5	12	8	5	3
Offers to Buy City Property	-	2	5	7	5
Zoning Compliants Investigated	-	-	-	-	-
Review of Existing CU Permits	-	-	-	-	-
Total administrative actions	34	44	51	40	37

\* Information provided on a calendar year basis.

\*\* Information provided on a fiscal year basis.

Sources:

Police – Reports published annually by the Council Bluffs Police Department

Fire - Data maintained by the Council Bluffs Fire Department and filed annually with the State of Iowa Fire Marshall, National Fire Protection Agency and National Fire Association.

Building – Council Bluffs Building Department’s “Blue Prince”, an information gathering system.

Library – City’s information filings to the State Library of Iowa.

Parks – Internal operating records based on registration data, point of sale system data and observations of attendance for Bayliss Park events.

Data not presented was not readily available.

2006	2007	2008	2009	2010	2011
-	-	-	-	90,460	-
-	-	-	-	57,794	-
-	-	-	-	98	-
-	-	-	-	110	-
-	-	-	-	34	-
-	-	-	-	378	-
-	-	-	-	31	-
-	-	-	-	10	-
-	-	-	-	10	-
8	5	6	10	7	
6	6	3	9	9	
4	3	6	4	3	
-	-	33	28	2	
-	-	-	1	-	
18	14	48	52	21	
5	9	9	8	9	
11	19	15	16	10	
16	28	24	24	19	
34	30	20	12	16	
4	8	1	5	3	
4	5	9	6	7	
-	37	236	195	159	
-	-	154	150	147	
42	80	420	368	332	

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City of Council Bluffs  
Capital Asset Statistics by Function/Program  
For the Last Ten Years

Function/Program	2002	2003	2004	2005	2006
<b>Public Safety</b>					
Police Stations	1	1	1	1	1
Fire/Ambulance					
Stations	4	5	5	5	5
Engines in service	4	4	4	4	4
Quints in service	3	3	3	3	3
Ambulances in service	3	3	3	3	3
Special use apparatus	5	5	6	6	-
<b>Public Works</b>					
Miles of streets - paved	-	-	-	-	-
Miles of streets - unpaved	-	-	-	-	-
Miles of Federal levees	-	-	-	-	-
Street lights	-	-	-	-	-
Intersections with traffic signals	-	-	-	-	-
Pedestrian crossings with signals	-	-	-	-	-
<b>Culture &amp; Recreation</b>					
City parks	-	-	-	-	-
Historic monuments	-	-	-	-	-
Football fields	-	-	-	-	-
Golf courses	-	-	-	-	-
Swimming pools	-	-	-	-	-
Soccer fields	-	-	-	-	-
Ball diamonds	-	-	-	-	-
Tennis courts	-	-	-	-	-
Skate parks	-	-	-	-	-
Trails (miles)	-	-	-	-	-
Library buildings	-	-	1	1	1
<b>Sewer</b>					
Miles of sanitary sewer	-	-	-	-	-

Sources:

Police – Reports published annually by the Council Bluffs Police Department

Fire - Data maintained by the Council Bluffs Fire Department and filed annually with the State of Iowa Fire Marshall, National Fire Protection Agency and National Fire Association.

Building – Council Bluffs Building Department's "Blue Prince", an information gathering system.

Library – City's information filings to the State Library of Iowa.

Parks – Internal operating records based on registration data, point of sale system data and observations of attendance for Bayliss Park events.

Data not presented was not readily available.

2007	2008	2009	2010	2011
1	1	1	1	1
5	5	5	5	5
4	4	4	4	4
3	3	3	3	3
3	3	3	3	3
6	6	6	6	6
-	-	-	-	297
-	-	-	-	1
-	-	-	-	28
-	-	-	-	4,000
-	-	-	-	94
-	-	-	-	14
-	-	-	26	26
-	-	-	10	10
-	-	-	4	1
-	-	-	2	2
-	-	-	2	2
-	-	-	23	23
-	-	-	20	20
-	-	-	15	15
-	-	-	2	2
-	-	-	40	37
-	-	-	1	1
-	-	-	-	274

**City of Council Bluffs**



**FINANCIAL ASSISTANCE SECTION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REPORTS ON COMPLIANCE AND INTERNAL CONTROLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Housing and Urban Development:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants (\$119,567 provided to subrecipients)	14.218	B-09-MC-19-0005	\$ 360,596
Community Development Block Grants/Entitlement Grants (\$59,586 provided to subrecipients)	14.218	B-10-MC-19-0005	962,259
			<u>1,322,855</u>
ARRA - Community Development Block Grants ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-19-0005	195,256
			<u>1,518,111</u>
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-06-SP-IA-0286	140,671
U.S. Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program (\$61,304 provided to subrecipients)	16.738	2009-DJ-BX-1366	63,021
			61,304
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1152	50,400
			<u>174,725</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-2012	157,020
U.S. Environmental Protection Agency:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-98796701-0	43,376
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-98796801-0	66,848
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97712001-0	13,153
			<u>123,377</u>
U.S. Department of Energy:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0002929	441,148 *
Total direct			<u>2,555,052</u>
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-NSP-022	280,396
City of Omaha:			
Home Investment Partnerships Program (\$30,000 provided to subrecipients)	14.239	FY2006	30,000
Home Investment Partnerships Program (\$111,412 provided to subrecipients)	14.239	FY2007	111,412
			<u>141,412</u>
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Project Safe Neighborhoods	16.609	07-SD06	20,988
Project Safe Neighborhoods	16.609	08-SD06	27,425
			<u>48,413</u>
Public Safety Partnership Community Police Grants	16.710	09-HotSports/Interdiction-12	3,478
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories (\$46,527 provided to subrecipients)	16.803	09 JAG/ARRA-3427B	118,224

City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	HDP-1642(645)-71-78	239,865
Highway Planning and Construction	20.205	IM-029-3(67)52-13-78	465,886
Highway Planning and Construction	20.205	BRM-1642(655)-8N-78	712,773
Highway Planning and Construction	20.205	STP-A-1642(661)86-78	696,969
Highway Planning and Construction	20.205	STP-ES-1642(653)-8I-78	14,188
ARRA - Highway Planning and Construction	20.205	ESL-1642(657)7S-78	179,684
ARRA - Highway Planning and Construction	20.205	ESL-1642(658)7S-78	44,067
ARRA - Highway Planning and Construction	20.205	ESL-1642(659)7S-78	27,706
ARRA - Highway Planning and Construction	20.205	ESL-1642(660)7S-78	482,874
			<u>2,864,012</u>
Omaha Metro Area Transit:			
Federal Transit - Formula Grants	20.507	NE-90-X092-00	263,190
ARRA Federal Transit - Formula Grants	20.507	NE-96-X002	146,594
			<u>409,784</u>
Iowa Department of Transportation:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-164-10	<u>17,747</u>
Iowa Department of Public Safety:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 10-410, Task 17	13,998
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 11-410, Task 19	16,347
			<u>30,345</u>
U.S. Environmental Protection Agency:			
Iowa Department of Natural Resources:			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CSG0218R/CFG0219R	617,826
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CSG0220R/CFG0221R	325,899
			<u>943,725</u>
U.S. Department of Energy:			
Office of Energy Independence:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECGB)	81.128	DE-EE000812	<u>80,516 *</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Immunization Grants	93.268	5880I420	16,314
Immunization Grants	93.268	5881I420	16,946
			<u>33,260</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	MOU-2011-ELC08	840
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	MOU-2012-ELC08	280
			<u>1,120</u>

City of Council Bluffs  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
ARRA - Immunization	93.712	5880I420	762
HIV Prevention Activities Health Department Based	93.940	5889AP05	5,566
HIV Prevention Activities Health Department Based	93.940	5889AP21	946
HIV Prevention Activities Health Department Based	93.940	5881AP05	1,298
HIV Prevention Activities Health Department Based	93.940	5881AP21	19,432
			27,242
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Department of Homeland Security and Emergency			
Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared			
Disasters)	97.036	FEMA-1998-DR-IA	1,200,000
Total indirect			6,200,436
Total			\$ 8,694,184

\* Total for CFDA Number 81.128 is \$521,664

Although there were no current year program expenditures, there is a \$705,000 loan balance in the Community Development Block Grant/Section 108 Loan Guarantees Program, CFDA Number 14.248, from previous years for which the federal government has imposed continuing requirements.

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Council Bluffs and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Council Bluffs, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the Council Bluffs Airport Authority are included in these financial statements as a discretely presented component unit. This report does not include the results of testing of internal control over financial reporting or compliance and other matters reported on in the financial statements of the Council Bluffs Airport Authority.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Council Bluffs' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Council Bluffs' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Council Bluffs' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-11 through II-D-11 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Council Bluffs' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

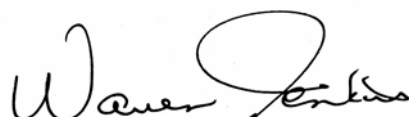
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Council Bluffs' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Council Bluffs' responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Council Bluffs and other parties to whom the City of Council Bluffs may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Council Bluffs during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 30, 2011



**OFFICE OF AUDITOR OF STATE**  
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Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect on  
Each Major Program and on Internal Control over Compliance in Accordance with  
OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

Compliance

We have audited the City of Council Bluffs, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Council Bluffs' major federal programs for the year ended June 30, 2011. The City of Council Bluffs' major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the City of Council Bluffs' management. Our responsibility is to express an opinion on the City of Council Bluffs' compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Council Bluffs' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Council Bluffs' compliance with those requirements.

In our opinion, the City of Council Bluffs complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

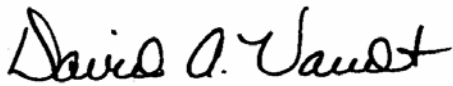
The management of the City of Council Bluffs is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Council Bluffs' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Council Bluffs' internal control over compliance.



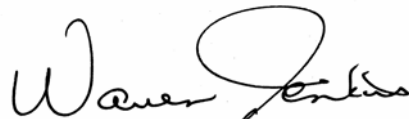
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Council Bluffs and other parties to whom the City of Council Bluffs may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 30, 2011

City of Council Bluffs  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CDBG – Entitlement Grants Cluster:
    - CFDA Number 14.218 – Community Development Block Grants/Entitlement Grants
    - CFDA Number 14.253 – ARRA – Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)
  - CFDA Number 20.205 – Highway Planning and Construction and ARRA Highway Planning and Construction
  - CFDA Number 20.507 - Federal Transit - Formula Grants
  - CFDA Number 66.458 - Capitalization Grants for Clean Water State Revolving Funds
  - CFDA Number 81.128 - Energy Efficiency and Conservation Block Grant Program (EECBG)
  - CFDA Number 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Council Bluffs did not qualify as a low-risk auditee.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-11 Financial Reporting – During the audit, we identified a material overstatement of receivables and a material understatement of payables recorded in the City's financial statements. Adjustments were subsequently made by the City to properly adjust these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receivables and payables are properly accounted for in the City's financial statements.

Response – This condition exists because we have not yet fully converted from “cash basis protocol” to “accrual basis protocol” in our accounting system. To fully implement an accrual basis of recording transactions we will amend procedures in two material ways. Regarding revenue, we will change from recognizing revenue at the time of cash receipt to recognizing revenue by recording an account receivable when revenue is earned. Regarding expenditures, we will change from batch processing payables and cash disbursements based on a warrant date to “real time” recording of invoices based on the invoice date. These changes will eliminate the process of reviewing “subsequent cash receipts” and “subsequent cash disbursements” to determine whether a transaction should be classified as an account receivable or account payable at year end. Eliminating this process should significantly reduce the opportunity to make an error in determining which fiscal year a transaction should be recorded. The transition should be completed in first quarter 2012.

Conclusion – Response accepted.

II-B-11 Sewer Collections – The City contracts with the Council Bluffs Water Works for billing and collecting of the City's sewer service. The City does not have procedures in place to identify what should be collected for sewer services each billing period and to reconcile what should be collected to actual collections. This should be done through obtaining billing reports and delinquent listings from the Council Bluffs Water Works each billing period and reconciling collections, billings and delinquencies for the period.

Recommendation – The City should establish procedures to ensure the proper amount of sewer fees are collected, including reconciling billings, collections and delinquencies for each billing cycle.

Response – The current accounting process records sewer revenue based on amounts collected by the Council Bluffs Water Works and forwarded to the City Treasurer's office. Effective December 1, 2012, the accounting process will be amended to record revenue at the time it is billed by the Council Bluffs Water Works. At the time of billing, an entry will be made to recognize sewer revenue and an account receivable. At the time of collection, an entry will be recorded to record cash received and reduce accounts receivable for the

City of Council Bluffs

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corresponding amount. At a minimum of once quarterly, the amount of accounts receivable per the City's general ledger will be reconciled to the listing of accounts receivable maintained by the Council Bluffs Water Works.

Conclusion – Response accepted.

- II-C-11 Disbursement Approvals – City policy requires department heads, or their designee, to approve claims prior to submission to the Finance Department for payment. During our testing of disbursements, we noted 14 of 53 transactions tested had no evidence of department head/designee approval.

Recommendation – The City should establish procedures to ensure each claim is approved by the department head or their designee prior to submitting the claim for payment.

Response – The City of Council Bluffs will amend its account procedure to require expenditure approval be noted in one of three ways. For expenditures arising from a purchasing card transaction, effective November 1, 2011, the department head will sign the department's monthly summary of purchasing card purchases. These summaries will be retained in accounts payable files. If the purchase was generated within the purchase order cycle, the electronic approval record maintained in the purchasing system will serve as documentation. For all other purchases over \$100, the department head must note approval of the purchase in writing on the face of the invoice. For invoices under \$100, compliance with this procedure is recommended but not required.

Conclusion – Response accepted.

- II-D-11 Purchasing Policy for Services – The City has a purchasing policy covering printing, supplies, equipment and materials. The policy includes procedures for advertising for bids, accepting/rejecting bids, obtaining deposits on bids, purchases less than \$25,000, purchase of specific makes/brands, emergency/negotiated purchases and surplus property. However, the City does not have a policy covering the purchase of services.

Recommendation – The City should establish a policy covering the purchase of services to ensure the City receives the best quality and price for purchased services.

Response – The City of Council Bluffs is fully aware of benefits from such a policy and will develop a City wide policy for the procurement of services prior to the end of March 2012.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

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**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major programs were noted.

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**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted in the culture and recreation, general government, capital projects and business type activities functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City Finance Director reviewed actual City wide expenses at the end of April 2011 and noted that in all functional areas except capital projects, total actual and projected costs did not appear to exceed budgeted amounts. Total expenditures on capital projects did appear that they would exceed budget, but because major projects are approved individually by the Council, an amendment was not prepared. In June 2011, the City was impacted by a flooded Missouri River and millions of dollars were spent to prevent material flooding in the City during summer 2011. This resulted in total incurred expenses exceeding budgeted amounts to protect the City. Furthermore, due to the dynamic nature of the flooding, projecting costs for fiscal year 2011 with precision during June was little better than “a roll of the dice,” therefore a revised budget was not prepared. The Finance Director had made the Mayor and City Council members aware of this situation verbally during July and August, 2011.

Conclusion – Response accepted.

- IV-B-11 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-11 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Jeff Hutcheson, Fire Department Employee, Son and brother of owners of Hutcheson Engineering	Pumping supplies	\$68,398

In accordance with Chapter 362.5(11) of the Code of Iowa, the transactions for pumping supplies with Jeff Hutcheson appear to represent a conflict of interest since total transactions were greater than \$2,500 during the fiscal year.

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Recommendation - The City should consult legal counsel to determine the disposition of this matter.

Response - At the time of the purchase of these pumps, the transaction was reviewed by the City Finance Director and the Incident Commander to attain assurance this was an arm's length transaction. Both agreed the transaction had no apparent impropriety. Details of the transaction will be subsequently reviewed by the City attorney to determine the transaction was proper and free of impropriety prior to the end of calendar year 2011.

Conclusion - Response accepted.

IV-E-11 Bond Coverage - Surety bond overage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-11 Council Minutes - No transactions were found which we believe should have been approved in the Council minutes but were not.

IV-G-11 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-11 Financial Condition - At June 30, 2011, the following funds had deficit balances:

<u>Fund</u>	<u>June 30, 2011 Balance</u>
Special Revenue:	
Tax Increment Financing	\$(1,215,680)
Capital Projects	(4,083,613)

Recommendation - The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response - Each of these funds has a deficit balance at fiscal year end for a unique reason. The Tax Increment Financing fund possesses a deficit balance as the result of an internal loan from governmental funds to the TIF Fund for infrastructure improvements at the Mid America Center. That debt should be extinguished in fiscal year 2012. After that, a deficit condition will not exist.

The deficit in the Capital Projects Fund is the result of not having made final funding decisions for projects completed prior to June 30, 2011. During summer 2011, this condition was not addressed because of the attention directed to flood protection efforts by members of the Finance Department. When the appropriate funding decisions have been made, the deficit condition will be eliminated.

Conclusion - Response accepted.

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- IV-I-11 Bass Pro Loan – During fiscal year 2011, the City entered into a \$14.5 million loan agreement to provide funds to retire a balloon payment on the urban renewal revenue capital loan note. The City did not publish notice of or hold a public hearing prior to entering into the loan agreement.

Recommendation – The City should comply with Chapter 384.24A of the Code of Iowa prior to entering into future loan agreements.

Response – In summer 2010 City finance officials became aware the economic development loan for Bass Pro Shop with First National Bank would need to be renewed/extended. After negotiations to renew the loan with the existing bank at existing terms were not fruitful, the City Finance Director and Chief Financial Officer of the Iowa West Foundation sought offers from other banks. The City Council was aware of the discussions, and on October 25, 2010 voted to authorize the Mayor to execute an agreement refinancing the existing loan.

The City Finance Director incorrectly believed since this was a renewal of an existing loan, only Council approval was needed. After subsequently learning that renewal loans must have public hearings in the same way new loans do, the Finance Director has indicated any changes or advances will be presented at public hearings for citizen comments in the future.

Conclusion – Response accepted.